

**ORIGINAL**

**Lebanon Surgery**  
**Center, LLC**

**CN1702-007**



**State of Tennessee  
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243  
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9888

FILED 10/17 PM 2:57

**CERTIFICATE OF NEED APPLICATION**

**SECTION A: APPLICANT PROFILE**

**1. Name of Facility, Agency, or Institution**

Lebanon Surgery Center, LLC

Name

1411 West Baddour Parkway\*

Street or Route

Wilson

County

Lebanon

City

Tennessee

State

37087

Zip Code

Website address: Not applicable

*Note: The Facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

*\*1411 West Baddour Pkwy is the address of the campus at the corner of West Baddour Parkway and Babb Drive, and this building is located at the corner of the campus, which may later be assigned a separate street number*

**2. Contact Person Available for Responses to Questions**

Michael D. Brent

Name

Attorney

Title

Bradley Arant Boult Cummings LLP

Company Name

mbrent@bradley.com

Email address

1600 Division Street, Suite 700

Street or Route

Nashville

City

TN

State

37203

Zip Code

Attorney for Project

Association with Owner

615-252-2361

Phone Number

615-252-6361

Fax Number

**NOTE:** **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on **8 1/2" X 11" white paper, clearly typed and spaced, single or double sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

HF-0004 Revised 12/2016 - All forms prior to this time are obsolete.

RDA 1651

### 3. SECTION A: EXECUTIVE SUMMARY

#### A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description - Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant:

**Response:** Lebanon Surgery Center, LLC (the "Applicant") is seeking a certificate of need for the establishment of a multi-specialty ambulatory surgical treatment center (the "ASTC") to be located in Lebanon, Wilson County, Tennessee. Specifically, the ASTC will be in an existing building on the corner of the hospital campus of Tennova Healthcare-Lebanon. The ASTC will have four (4) operating rooms (each, an "OR") and one (1) procedure room (a "Procedure Room"). The building the ASTC will occupy currently houses a four-OR and 1-PR hospital-based outpatient department of Tennova Healthcare-Lebanon (the "HOPD"), an affiliate of the Applicant. If approved, Tennova Healthcare-Lebanon would remove the HOPD ORs and PR from its total OR and PR count.

The Applicant's proposal would replace the Tennova Healthcare-Lebanon HOPD with the ASTC, using the HOPD's current building and providing the same specialties currently provided by the HOPD. The chart below illustrates the types of surgeries by specialty that the Applicant generally anticipates providing at the proposed ASTC. These specialties include, but are not restricted to, orthopedics, otolaryngology ("ENT"), obstetrics/gynecology, podiatry, plastic surgery, general surgery, dental/oral surgery, and pain management. Consequently, the ASTC will not require any changes to the building to accommodate the ASTC's specialties. Further, the Applicant will not need to acquire any additional equipment, as the Applicant will purchase all equipment currently used in the HOPD. The Applicant does not hold any outstanding certificates of need.

PROCEDURES BY SPECIALTY							
Dental	ENT / Otolaryngology	General Surgery	OB/GYN	Orthopedic	Plastic Surgery	Podiatry	Urology
Dental extraction Excision of lesion Orif facial fx Biopsy of lip	Bmt Tonsillectomy with adenoidectomy Nsr/bitr Adenoidectomy Laryngoscopy Fess Tonsillectomy Nsr Frenulum release Closed reduction nasal fracture Tympanoplasty Ear debridement Myringoplasty Foreign body removal Eua Exam under anesthesia Excision finger mass Biopsy of lip Nasal fx Nasal polypectomy Uvulectomy Open reduction nasal fracture Removal of ear tube	Laparoscopic cholecystectomy Laparoscopic inguinal hernia repair with mesh Insertion of portacath Umbilical hernia repair Excision of lesion Hemorrhoidectomy Inguinal hernia repair Excision pilonidal cyst Excisional breast biopsy Breast biopsy Excision finger mass Irrigation and debridement Laparoscopic incisional hernia repair Excision of lipoma Laparoscopic appendectomy Lysis of adhesions Irrigation and debridement of lower extremity Excision lymph node Eua Excision of lesions with possible full thickness skin graft Amputation toe Anal fistulectomy Axillary node dissection Botox injection to rectal fistula	Tubal ligation Suction d&c Diagnostic laparoscopy Laparoscopic salpingectomy Hysteroscopy with d&c Hysteroscopy with endometrial biopsy Exam under anesthesia Fractional d&c Endometrial ablation-novasure/hysteroscopy Conization of cervix Incision & drainage -- seroma Laparoscopic bso Lysis of adhesions Oophorectomy Vaginal biopsy	Arthroscopy of knee Arthroscopy of shoulder Carpal tunnel release Acl reconstruction Trigger finger release Orif distal radius Orif ankle Irrigation and debridement Closed reduction Removal of hardware Orif metacarpal Orif clavicle Excision ganglion cyst Foreign body removal Manipulation under anesthesia Achilles tendon repair Amputation finger Percutaneous pinning Ucl reconstruction with palmaris autograft and olecranon osteophyte excision Aspiration of knee Distal bicep repair Excision finger mass Arthroscopy with mpfl reconstruction Cmc arthroplasty	Abdominoplasty Breast augmentation with implants Breast Implant exchange Excision of lesion Scar revision Reduction mammoplasty Thighplasty Mastopexy with augmentation Breast reduction mammoplasty Abdominoplasty with muscle repair Blepharoplasty Brachioplasty Breast biopsy Breast reconstruction Rhinoplasty Wound closure Facial rhytidectomy (open face lift) Irrigation and debridement Pectoralis muscle repair Mastectomy, simple (gynecomastia) male Buttock lift Complex scar revision Excision finger mass	Austin/akin bunionectomy Endoscopic plantar fasciotomy Amputation toe Hammer toe release Hemi-implant great toe Fusion of 1st metatarsal phalangeal joint Excision bone Dorsiflexory osteotomy Excision of lesion Cmc arthroplasty Mcbride bunionectomy Removal of hardware Sesamoidectomy Surgical excision soft tissue mass Posterior tibial tendon repair Arthrodesis metatarsal Excision plantar fibroma Exostectomy Extracorporeal shock wave Foreign body removal Excision finger mass	Circumcision

HF-0004 Revised 12/2016 - All forms prior to this time are obsolete.

RDA 1651

2) Ownership structure:

**Response:** The Applicant is currently wholly owned by Knoxville HMA Holdings, LLC, a Tennessee limited liability company, which also holds ninety-eight percent (98%) of the ownership interests in Lebanon HMA, LLC, which owns Tennova Healthcare-Lebanon and the HOPD. Although no physicians currently hold an ownership interest in the Applicant, the Applicant anticipates between ten (10) and fifteen (15) physicians will hold ownership interests in the Applicant in the future. No individual physician will own more than five percent (5%), and all physicians together will not own more than forty-nine percent (49%) of the Applicant. All physician ownership shall be in conformance with the requirements of Section 1877 of the Social Security Act (the Stark self-referral law).

3) Service area:

**Response:** As the ASTC will be replacing the HOPD, the Applicant's Primary Service Area will mirror that of the HOPD with no anticipated changes. The HOPD's, and thus the Applicant's, primary service area is comprised of the following counties: Wilson, Macon, Smith, Sumner, and Trousdale Counties (the "Primary Service Area"). Eighty-two percent (82%) of the patients who received care in the HOPD in 2016 are from the five (5) counties listed above.

4) Existing similar service providers:

**Response:** There are two multi-specialty ASTC's currently operating in the Applicant's Primary Service Area, Providence Surgery Center in Wilson County ("Providence") and Patient Partners Surgery Center in Sumner County ("Patient Partners"). Providence, which has two (2) operating rooms (each, an "OR") and one (1) procedure room (a "PR"), recently received approval from the Agency to expand its multispecialty categories from orthopedics and pain management to all specialties. Providence noted in its application that its current annual OR volume was 547 cases (273.5 cases per OR per year) and its PR volume was 133 cases. Providence projected in its application that volume per OR per year will increase to 590 cases and noted that it was last profitable in 2013. Patient Partners, with two (2) operating rooms and two (2) procedure rooms, reported 686 cases per OR per year and 1,584 cases per PR per year in its 2015 Joint Annual Report.

As the ASTC will be replacing the HOPD, the Applicant finds the HOPD's utilization to be a reliable predictor of the Applicant's utilization once the ASTC is operational. Similar to Providence and Patient Partners, the HOPD had 1,754 cases (439 cases per OR) in 2016.

The HOPD has been profitable since opening, and, even with the lower reimbursement rates under an ASTC fee schedule, the Applicant projects that the ASTC will be profitable in Year 1.

5) Project cost:

**Response:** The estimated project cost is \$2,494,000. The project does not involve any construction, as the proposed location of the ASTC does not require any modification. The following costs make up the total project cost:

Building Lease (5 years @ \$27/ft. NNN): \$1,944,000\*  
Furniture, Fixtures, Equipment: \$200,000  
Legal Fees, Other Costs: \$250,000  
Contingency: \$100,000



\*According to the records of the Tax Assessor of Wilson County, the appraised value for the building is \$1,348,000; in accordance with the rules of the Agency, the project cost is computed with the higher of appraised value or rent to be paid during the lease term.

6) Funding:

**Response:** The proposed project will be funded through cash reserves by an allocation from the Applicant's parent and its affiliates.

7) Financial Feasibility including when the proposal will realize a positive financial margin:

**Response:** If approved, the project is expected to be operational within six (6) to eight (8) months and is expected to be profitable in the first year of operation. The Applicant projects the following in Year 1 and Year 2 of operations:

	Year 1	Year 2
Operating Room Cases	2,204	2,270
Cases Per OR (4 ORs)	551	567.5
Net Operating Income	\$818,695	\$864,401

8) Staffing:

**Response:** The Applicant, an affiliate of the HOPD, intends to staff the ASTC with the clinical personnel currently staffing the HOPD, which has successfully recruited and retained qualified personnel. The Applicant anticipates requiring 16.7 FTEs consisting of 9 Registered Nurses, 5 surgical technicians, and 4 administrative positions. The Applicant intends to contract with a third party for professional anesthesia services and anticipates 1 physician and 4 Certified Registered Nurse Anesthetists. In 2016, twenty-six (26) physicians performed surgeries in the HOPD, and the Applicant anticipates that a similar number of physicians will have surgical privileges at the ASTC if this Application is approved.

**B. Rationale for Approval**

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need:

The intent of this Application is to shift the cases currently performed in the higher cost HOPD to a lower cost ASTC. Given the changes in the health care environment and the shift towards reducing costs, the higher cost structure of the payment model used by an HOPD does not align with the future of outpatient health care services. Moreover, all of the counties in the Applicant's Primary Service Area are Federally Designated Medical Underserved Areas, which, are characterized in part by high poverty and thus are more acutely affected and thus more concerned with the cost of medical treatment. Converting the HOPD, which, at 1,754 cases in 2016 has the most cases of any ambulatory surgical treatment facility in the Primary Service Area, would provide outpatient medical services at a reduced cost to a significant segment of the Primary Service Area's patient population. Therefore, there is a direct benefit to the residents of the Primary Service Area to repurpose the HOPD as an ASTC to provide

a more cost effective outpatient setting for patients to receive quality care. The benefit of reduced cost to patients also serves as a direct community benefit by reducing the total dollars spent on health care services for Primary Service Area residents.

The Applicant's proposal does not seek to add operating rooms in the Primary Service Area. Instead, the Applicant seeks a change in category only. The Applicant will be using a building that is already in use as a surgery facility, so no expansion or modification is required. In sum, the HOPD, as it currently exists, will be recategorized as a multi-specialty ASTC, which will assist the Applicant and the affiliated hospital in providing services to the Primary Service Area in the most cost-efficient manner.

In 2016, twenty-six (26) local surgeons utilized the HOPD, performing the aforementioned 1,754 cases in one of the HOPD's four (4) ORs. As shown in the chart below, the Applicant projects 2,204 cases in Year 1 and 2,270 cases in Year 2. The projection is premised upon the historical and projected outpatient surgery utilization of the HOPD, and a conservative estimate of incremental increases in cases from specialties such as Orthopedics, General Surgery, ENT, Podiatry and Plastic Surgery.

Projected ASTC Utilization/Case			
	HOPD 2016 Utilization	Applicant Projected Utilization	
		Year 1	Year 2
Cases	1,754	2,204	2,270
OR's	4	4	4
Cases/OR	439	551	567.5

The Applicant will operate under the same management as the HOPD, as CHSPSC, LLC, with whom the Applicant intends to execute a management agreement, currently manages the HOPD. Further, with most, if not all, of the same physicians who currently have privileges at the HOPD seeking privileges at the ASTC as well, the proposed ASTC will likely have utilization in line with that of the HOPD. Those individuals who would have had their procedures performed at the HOPD will instead have them performed at the ASTC, giving the ASTC a projected utilization in line with the HOPD and the aforementioned recently approved multi-specialty ambulatory surgery center Certificate of Need applications.

Additionally, with a location a few hundred feet from the operating rooms used by Tennova Healthcare-Lebanon for inpatient procedures, there will be benefits to both physicians and patients. Physicians will have the convenience of scheduling, when necessary, an outpatient surgery shortly after an inpatient surgery without transit time presenting a significant deterrent. Physicians will be able to focus on treating each patient in the location appropriate for their medical needs and will not have to worry as much about wrestling with the logistics of a multi-facility schedule requiring a physician to account for transit time in a surgery schedule due to the time required to drive between locations. The above, together with letters in support of the proposed ASTC submitted by area physicians attached hereto as Attachment A-3B, support the need for the proposed ASTC and justify the approval of this Application.

2) Economic Feasibility;

The Applicant's projected caseload of 2,204 cases in Year 1 and 2,270 cases in Year 2 will generate positive cash flow beginning in Year 1. The project cost will be funded by cash reserves via an allocation from the Applicant's parent and its affiliates. Further, the lower cost to patients will result in more cases, as patients who might have chosen to have their surgeries performed in a surgery center instead of an outpatient department of a hospital such as the HOPD will no longer have such a deterrent.

3) Appropriate Quality Standards

**Response:** The Applicant will seek accreditation from the Accreditation Association of Ambulatory Health Care and will maintain a high standard of care for its patients. Tennova Healthcare-Lebanon, an affiliate of the Applicant and the hospital with which the HOPD is associated, is accredited by The Joint Commission and has served Wilson County for seventy-five (75) years. The HOPD has been successfully providing quality surgery services to patients in the Primary Service Area for many years, and, if approved, the ASTC will do so as well.

4) Orderly Development to adequate and effective health care.

**Response:** By replacing a higher cost HOPD with a lower cost ASTC, as proposed in this application, the Applicant seeks to ensure that the health care options available to the Primary Service Area accurately reflect the needs of the community and the health care industry. A lower cost surgical option such as the ASTC will ensure that residents receive quality health care at a more affordable price while maintaining the current number of ORs and PRs in the Primary Service Area.

**C. Consent Calendar Justification**

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

**Response:** A letter addressed to the Agency's Executive Director containing the Applicant's request to be added to the Consent Calendar and the justification for an expedited review is attached hereto as Attachment A-3C. To summarize, this Application does not seek to add any additional operating room capacity to the Primary Service Area, but, rather, proposes repurposing an existing HOPD to an ASTC to benefit patients and the community.

4. **SECTION A: PROJECT DETAILS**

**A. Owner of the Facility, Agency or Institution**

Lebanon Surgery Center, LLC  
Name  
4000 Meridian Blvd.  
Street or Route  
Franklin  
City  
Tennessee  
State  
615-465-7000  
Phone Number  
Williamson  
County  
37067  
Zip Code

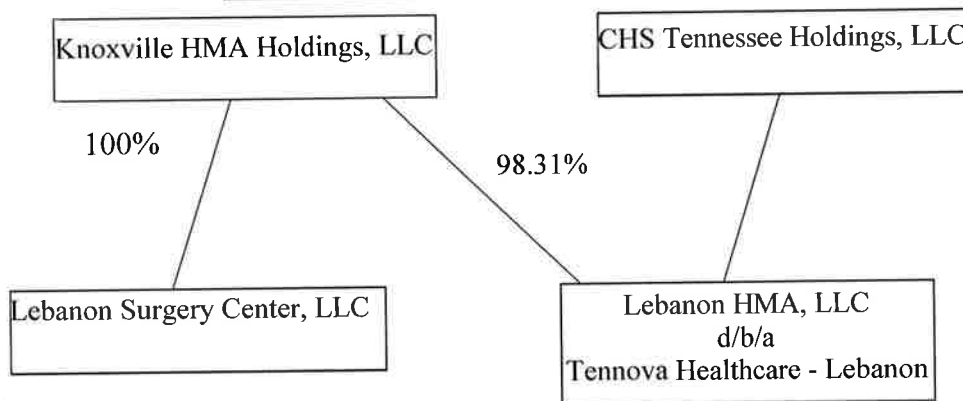
**B. Type of Ownership of Control (Check One)**

- |                                 |       |                               |                                     |
|---------------------------------|-------|-------------------------------|-------------------------------------|
| A. Sole Proprietorship          | _____ | F. Government (State of TN or | _____                               |
| B. Partnership                  | _____ | Political Subdivision)        | _____                               |
| C. Limited Partnership          | _____ | G. Joint Venture              | _____                               |
| D. Corporation (For Profit)     | _____ | H. Limited Liability Company  | <input checked="" type="checkbox"/> |
| E. Corporation (Not-for-Profit) | _____ | I. Other (Specify)            | _____                               |

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbeartn.gov/ECommerce/FilincSearch.aspx>. **Attachment Section A-4A.**

**Describe** the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

**Response:** As shown above, the Applicant is wholly owned by Knoxville HMA Holdings, LLC, a Tennessee limited liability company, which also holds ninety-eight percent (98%) of the ownership interests in Lebanon HMA, LLC, which owns Tennova Healthcare-Lebanon and the HOPD and are thus affiliates of the Applicant. The ownership structure of the Applicant is shown in the chart below. Please also see Attachment A-4A.



5. Name of Management/Operating Entity (If Applicable)

CHSPSC, LLC

Name

4000 Meridian Boulevard

Street or Route

Williamson

County

Franklin

City

Tennessee

State

37067

Zip Code

Website address: Not applicable.

**For new facilities or existing facilities** without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. **Attachment Section A-5.**

**Response:** Please see Attachment A-5 for a copy of the draft Management Agreement.

**6. A. Type of Ownership of Control (Check One)**

- |                         |       |                    |                |
|-------------------------|-------|--------------------|----------------|
| A. Ownership            | _____ | D. Option to Lease | <u>X</u> _____ |
| B. Option to Purchase   | _____ | E. Other (Specify) | _____          |
| C. Lease of _____ Years | _____ |                    |                |

**Check appropriate line above:** For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

**Response:** Please see Attachment A-6A for a copy of the draft Option to Lease as well as the deed of Tennova Healthcare-Lebanon to the land on which the proposed site of the ASTC is located.

**6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site** on an 8 1/2" x 11" sheet of white paper, single or double-sided. **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must include:**

- a. Size of site (in acres);
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and
- d. Names of streets, roads or highway that cross or border the site.

**Response:** Please see Attachment A – 6B-1.

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

**Response:** Please see Attachment A – 6B-1.

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**Response:** The proposed site is located at the corner of West Baddour Parkway and Babb Drive on the Tennova Healthcare-Lebanon campus, with the campus having the address of 1411 West. Baddour Parkway. The location has a covered patient drop-off area at the

front door and is accessible by wheel chair van, ambulance, and private vehicle and has ample parking for patients and providers. The location is easily accessible to residents of Wilson County and surrounding communities, as it is accessible from Interstate-40 via South Hartmann Drive at Exit 236 (approximately 4 miles away) and via Highway 109 at exit 232B (approximately 8 miles away) and is near the intersection of two major roads in Lebanon, Tennessee: South Hartmann Drive and Main Street. Though the location is approximately two (2) miles from Lebanon Station, a stop on Nashville's regional rail line, the Music City Star, it is also accessible via the Mid-Cumberland Human Resource Agency, serving Wilson and Trousdale counties, and the Upper-Cumberland Human Resource Agency, serving Macon County, which both provide assistance to individuals with limited mobility.

**Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.**

**7. Type of Institution** (Check as appropriate--more than one response may apply)

- |  |  |
|--|--|
| A. Hospital (Specify) _____  | H. Nursing Home _____  |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty <u>X</u> _____ | I. Outpatient Diagnostic Center _____  |
| C. ASTC, Single Specialty _____  | J. Rehabilitation Facility _____   |
| D. Home Health Agency _____  | K. Residential Hospice _____   |
| E. Hospice _____   | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____ |
| F. Mental Health Hospital _____  | M. Other (Specify) _____   |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____   |  |

**Check appropriate lines(s).**

**8. Purpose of Review** (Check appropriate lines(s) - more than one response may apply)

- |  |  |
|--|--|
| A. New Institution <u>X</u> _____  | F. Change in Bed Complement _____<br>[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] |
| B. Modifying an ASTC with limitation still required per CON _____                                  | G. Satellite Emergency Dept. _____   |
| C. Addition of MRI Unit _____  | H. Change of Location _____  |
| D. Pediatric MRI _____   | I. Other (Specify) _____   |
| E. Initiation of Health Care Service as defined in T.C.A. § 68-11-1607(4) _____<br>(Specify) _____ |  |

**9. Medicaid/TennCare, Medicare Participation**

MCO Contracts [check all that apply]

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number The Applicant will apply for a provider number.

Medicaid Provider Number The Applicant will apply for a provider number.

Certification Type Ambulatory Surgical Center

**If a new facility, will certification be sought for Medicare and/or Medicaid/Tenn/Care?**

Medicare X Yes \_\_\_ No \_\_\_ N/A      Medicaid/TennCare X Yes \_\_\_ No \_\_\_ N/A



10. **Home Health Care Organizations** - Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply.

**Response:** Not applicable.

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maurry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

# 11. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
ASTC		14,400					
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF		14,400					14,400 sq. ft.
*Total Cost							\$388,800/yr.
**Cost Per Square Foot							\$27/sq. ft.
<p>Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on <a href="http://www.tn.gov/hsda">www.tn.gov/hsda</a>)</p> <p><b>Response:</b> Quartile ranges are not available for ambulatory surgical treatment centers.</p>					<input type="checkbox"/> Below 1 <sup>st</sup> Quartile <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile

\* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

\*\* Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

## 12. MRI, PET, and/or Linear Accelerator

- Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

**Response:** Not applicable. The Applicant is not acquiring any major medical equipment such as an MRI, PET or Linear Accelerator.

- Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

**Response:** Not applicable.

- A. Complete the chart below for acquired equipment.

**Response:** Not applicable.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types	<input type="checkbox"/> SRS	<input type="checkbox"/> IMRT	<input type="checkbox"/> IGRT	<input type="checkbox"/>
Other _____			<input type="checkbox"/> By Purchase			
	Total Cost*: _____		<input type="checkbox"/> By Lease	Expected	Useful	Life (yrs)
	<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____			
<input type="checkbox"/> MRI	Tesla: _____	Magnet: _____	<input type="checkbox"/> Breast		<input type="checkbox"/> Extremity	
Other _____			<input type="checkbox"/> Open	<input type="checkbox"/> Short Bone	<input type="checkbox"/>	
	Total Cost*: _____		<input type="checkbox"/> By Purchase			
	<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease	Expected	Useful	Life (yrs)
	<input type="checkbox"/> If not new, how old? (yrs) _____					
<input type="checkbox"/> PET	<input type="checkbox"/> PET only	<input type="checkbox"/> PET/CT	<input type="checkbox"/> PET/MRI			
			<input type="checkbox"/> By Purchase			
	Total Cost*: _____		<input type="checkbox"/> By Lease	Expected	Useful	Life (yrs)
	<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____			

\* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

**Response:** Not applicable.

- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

**Response:** Not applicable.

D. Schedule of Operations: **Response:** Not applicable.

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am - 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations (Applicant)	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

E. Identify the clinical applications to be provided that apply to the project.

**Response:** Not applicable.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

**Response:** Not applicable.

## **SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

### **QUESTIONS**

#### **SECTION B: NEED**

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.
1. **Need.** The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

#### **Response:**

The Applicant projects 551 OR cases per OR in Year 1 and 568 OR cases per OR in Year 2. This results in 43.7% of full capacity in Year 1 and 45% of full capacity in Year 2. As previously noted, the Applicant based these projection on the historical utilization of the HOPD and a conservative estimate of incremental case increases in specialties such as Orthopedics, General Surgery, ENT, Podiatry, and Plastic Surgery.

- The only multi-specialty ASTCs currently operating in the Primary Service Area are Providence, to which the Agency recently granted approval to expand its services to all surgical specialties and Patient Partners, which reports 686 cases per OR and 1,584 cases per PR annually. Providence currently has two (2) operating rooms and one (1) procedure room with current annual volume reported at 273.5 cases per OR and 133 case per PR. The Applicant's projected utilization for the

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ASTC is in line with the multi-specialty ASTCs currently operating. Based on this market landscape, patients in the Primary Service Area have limited access lower cost care for an expansive multi-specialty outpatient surgery such as that proposed by the Applicant. Though Providence has Agency approval to expand to more specialties, it only has two ORs and will likely have growing pains as it scales up its operation from 273.5 cases per OR per year to 590 cases per OR per year. The Applicant, on the other hand, has four ORs, allowing the Applicant to treat more patients simultaneously, and the Applicant is poised to step in the proverbial shoes of the HOPD, which is already operating an outpatient surgery center with an expansive range of specialties. This results in reduced start up costs and time for the Applicant to be ready to open the ASTC, which results in cost-savings to residents of the Primary Service Area more immediately. All of the counties in the Primary Service Area are designated as Federally-Designated Medically Underserved Areas. Thus, providing access to lower cost medical care as quickly as possible is critical for maintaining satisfactory population health in these areas.

The Applicant is not adding outpatient surgery capacity to the Primary Service Area but is rather repurposing the HOPD to an ASTC status to improve access to more affordable care for patients seeking outpatient surgery. Further, the HOPD has been profitable since opening, and, despite the reduction in reimbursement proposed by changing from a hospital fee schedule to an ASTC fee schedule, the ASTC is projected to be profitable in Year 1.

2. **Need and Economic Efficiencies.** An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

**Response<sup>1</sup>:** Please see the chart below estimating time required for surgeries and clean up for the ASTC specialties.

Year 1 (2018)							
Speciality	Case Volume by Specialty	Minutes Projected per Case	Total Surgeon Time in Mintutes	Total Surgeon Time in Hours	Total Turnover/Prep Time in Minutes	Total Turnover/Prep Time in Hours	Total Surgeon and Turnover/Prep Time in Hours
Urology	2	60	120	2	20	0.3	2
Podiatry	74	60	4,440	74	740	12	86
GYN	54	60	3,240	54	540	9	63
ENT	680	60	40,800	680	6,800	113	793
Dental	65	60	3,900	65	650	11	76
Ortho	947	75	71,025	1,184	9,470	158	1,342
General	167	60	10,020	167	1,670	28	195
Plastics	215	60	12,900	215	2,150	36	251
Total	2,204	495	146,445	2,441	22,040	367	2,808

<sup>1</sup> <http://www.beckersasc.com/lists/100-surgery-center-benchmarks-statistics-to-know.html>. Accessed January 25<sup>th</sup>, 2017

**Year 2 (2019)**

Speciality	Case Volume by Specialty	Minutes Projected per Case	Total Surgeon Time in Minutes	Total Surgeon Time in Hours	Total Turnover/Prep Time in Minutes	Total Turnover/Prep Time in Hours	Total Surgeon and Turnover/Prep Time in Hours
Urology	2	60	124	2	21	0.3	2
Podiatry	76	60	4,573	76	762	13	89
GYN	56	60	3,337	56	556	9	65
ENT	700	60	42,024	700	7,004	117	817
Dental	67	60	4,017	67	670	11	78
Ortho	975	75	73,156	1,219	9,754	163	1,382
General	172	60	10,321	172	1,720	29	201
Plastics	221	60	13,287	221	2,215	37	258
<b>Total</b>	<b>2,270</b>	<b>495</b>	<b>150,838</b>	<b>2,514</b>	<b>22,701</b>	<b>378</b>	<b>2,892</b>

3. **Need; Economic Efficiencies; Access.** To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available 3) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

**Response:** There are only two multi-specialty ASTCs in the Primary Service Area that are currently operating – Providence and Patient Partners. Tennessee Orthopedics, P.C. ("Tennessee Ortho") received agency approval to establish a new multi-specialty ASTC in Wilson County, but that center has not yet been fully constructed. As noted previously in this Application, the Applicant is not adding additional OR capacity to the Primary Service Area but rather is repurposing active hospital-based outpatient ORs and a PR into an ASTC in order to improve patient access to lower cost ambulatory surgery services.

4. **Need and Economic Efficiencies.** An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

**Response:** As noted previously, there is only one multi-specialty ASTC currently operating in Wilson County. The remaining ASTCs are single-specialty ASTCs specializing in endoscopy and ophthalmology. The Applicant's affiliate, Tennova Healthcare-Lebanon, currently operates a financially stable HOPD. Given the current high utilization of ASTCs in the market, if the HOPD closed, the remaining surgery centers would not be able to accommodate the influx of cases. This includes the recently approved Tennessee Ortho ASTC that is not yet operational. Since ambulatory

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surgical care is already being provided in a hospital-based setting, the Applicant believes the HOPD should be treated as existing capacity and should be granted ASTC status in an effort to improve access to lower cost care in the market. This approval should not significantly impact existing centers' utilization, and it will provide patients with a choice with comparable cost. As noted previously, this Application does not seek to add additional outpatient surgery ORs to the current market.

5. **Need and Economic Efficiencies.** An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

**Response:** Not applicable, as the Applicant seeks to establish a multi-specialty ASTC.

#### **Other Standards and Criteria**

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

**Response:** The proposed site in Lebanon, Tennessee will serve Wilson County in addition to the residents of Macon, Smith, Sumner, and Trousdale Counties. The ASTC will be centrally located in Wilson County, which is less than a sixty (60) minute drive from most locations in Wilson, Macon, Sumner, and Trousdale counties.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

**Response:** The proposed site is located less than one (1) mile from the intersection South Hartmann Drive and Main Street, a major intersection in Lebanon, Tennessee and approximately four (4) miles from Exit 236 of Interstate-40, the primary east-west corridor in Tennessee, allowing ease of access for residents of Wilson County and surrounding communities.

As previously noted, the proposed site is also accessible by a door-to-door transportation service through the Mid-Cumberland Human Resource Agency, serving Wilson and Trousdale Counties, and Upper-Cumberland Human Resource Agency, serving Macon County.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

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**Response:** The Applicant based the patient origin projection below on the assumption that the patient origin for the ASTC will be similar to that of the HOPD.

Primary Service Area Counties	2018 Projected Utilization	% of total procedures
Wilson	1,156	52%
Macon	168	8%
Smith	231	10%
Sumner	169	8%
Trousdale	86	4%
<b>PSA Totals</b>	<b>1,810</b>	<b>82%</b>
Other Counties and States	394	18%
<b>Total</b>	<b>2,204</b>	<b>100%</b>

The 2015 Joint Annual Reports of the multi-specialty ASTCs in the Primary Service Area indicate that the ASTC would be the largest provider of ASTC services for Wilson County residents if this Application is approved. In 2015, only 33% of Providence's patients and 2% of Patient Partner's patients were from Wilson County. With the exception of Sumner County, for which Providence reported a 78% utilization rate in 2015, Providence and Patient Partners have negligible utilization by patients from Macon, Smith and Trousdale Counties, so the Applicant's proposed ASTC would fill a void for those residents. The proposed ASTC would not impact Patient Partner's utilization by Sumner County residents, as the Applicant projects low utilization (8%) by patients from Sumner County.

Wilson County is one of the fastest growing counties in Tennessee, with 13.1% growth from 2010-2015 according to US Census Data. Lebanon, Tennessee, which is the city in which the Applicant's ASTC will be located, exceeded the state's growth during this period with 15.7% population growth. Similarly, the 7.2% projected growth of Wilson County from 2017 to 2021 illustrated in the chart below exceeds Tennessee's projected growth of 4.2% for the same period. With this historic and projected growth, Wilson County's need for additional ASTCs will be even more acute in the future, and, with the remaining counties in the Primary Service Area projecting growth ranging from 2.9% to 6.3%, the Primary Service Area as a whole will need the services of the proposed ASTC.

#### Tennova Surgery Center Primary Service Area Demographics<sup>2</sup>

	Wilson	Macon	Smith	Trousdale	Sumner	Tennessee
Total Population (2017)	131,486	23,639	20,378	8,477	181,647	6,887,572
Projected Total Population (2021)	140,892	24,380	20,977	8,824	193,113	7,179,512
Total Population % Change	7.20%	3.10%	2.90%	4.10%	6.30%	4.2%
65+ Population (2017)	20,997	4,156	3,554	1,401	28,778	1,133,025
65+ Population (2017) % of Total	16.0%	17.6%	17.4%	16.5%	15.8%	16.45%
Projected 65+ Population (2021)	25,651	4,803	4,134	1,659	34,282	1,312,118
65+ Population (2021) % of Total	18.2%	19.7%	19.7%	18.8%	17.8%	18.28%
65+ Population % Change (2017-2021)	22.5%	15.6%	16.3%	18.4%	19.1%	15.81 %
TennCare Enrollees (Dec. 2016)	20,457	7,270	4,693	2,184	31,569	1,559,209

<sup>2</sup> Tennessee Division of Health Care Finance & Administration <https://www.tn.gov/tenncare/topic/enrollment-data>. Accessed January 27, 2017; US Census QuickFacts. <http://www.census.gov/quickfacts>. Accessed January 26, 2016

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TennCare Enrollees % of Total Population	15.60%	30.80%	23.00%	25.80%	17.40%	22.60%
Persons without Health Insurance 65+	11.3%	22.8%	14.2%	15.2%	11.7%	12.0%
Median Household Income (2011-2015)	\$61,070	\$28,684	\$43,914	\$41,029	\$57,382	\$45,219
% Below Poverty Level	8.40%	33.50%	18.10%	16.20%	10.10%	16.70%

All assumptions, including the methodology by which utilization is projected is included in the response to Question 1.

9. **Access and Economic Efficiencies.** An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

**Response:** See utilization projections and supporting methodology set forth in the Applicant's response to Question 6 in Section C, Need of Application. See also the Projected Data Chart in Question 4 in Section C, Economic Feasibility of the Application.

10. **Patient Safety and Quality of Care: Health Care Workforce.**

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

**Response:** Applicant will seek accreditation from the Accreditation Association for Ambulatory Health Care.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

**Response:** The following numbers of surgeons in the community are committed to the Applicant's ASTC:

Speciality	# of Surgeons
Urology	1
Podiatry	2
GYN	5
ENT	2
Dental	2
Ortho/Spine	7
General Surgery	4
Plastics	2

The estimates shown above for surgeons in the listed specialties are based upon the current utilization of the HOPD, which, as previously discussed, reflects the Applicant's staffing of the ASTC as the Applicant will have the same staff and anticipates that the same surgeries currently holding privileges at the HOPD will do so at the ASTC as well. As an affiliate of

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Tennova Healthcare-Lebanon, the Applicant will be able to rely on the expertise of the hospital with respect to the credentialing process. In addition, Tennova Healthcare-Lebanon continues to recruit additional physicians to Wilson County. It is therefore anticipated that such physicians will obtain privileges to perform surgeries at both Tennova Healthcare-Lebanon and the ASTC. Please see Attachment B – Need – A10B for an excerpt for an exemplar of the Applicant's Medical Staff Membership policy.

The Applicant intends to contract with a third-party anesthesia services provider.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the Health Services and Development Agency ("HSDA") may decide to give special consideration to an applicant:

**Response:** Conversion of the HOPD to an ASTC will create greater access to lower cost, quality care for Primary Service Area residents. The only multi-specialty ASTC currently operating in Wilson County is Providence, which recently received a CON approving the expansion of its services to all surgical specialties. Providence currently only has two (2) operating rooms and one (1) procedure room with current annual volume reported at 273.5 cases per OR and 133 case per PR. The Applicant currently operates the HOPD, which performs 1,754 cases per year or 439 cases per OR. Based on this market landscape, patients in the Primary Service Area have limited choices to access lower cost care for multi-specialty outpatient surgery. Access to affordable care is particularly important in the Primary Service Area, given that all five (5) counties that comprise the Primary Service Area are designated as Federally-Designated Medically Underserved Areas.

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

**Response:** All of the counties in the Primary Service Area are considered Federally-Designated Medically Underserved Areas by the U.S. Health Resources and Services Administration. Thus, providing patients access to lower cost of care is critical for maintaining satisfactory population health in these areas.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

**Response:** Not applicable. The Applicant is not a hospital, and the Applicant's affiliate Tennova Healthcare-Lebanon is not a designated safety net hospital. However, Tennova Healthcare-Lebanon is the only acute care hospital serving Wilson County.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

**Response:** The HOPD currently contracts with all TennCare MCOs and all federally insured health care programs. The Applicant intends to seek contracts with the same MCOs and programs under ASTC status.

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

**Response:** Not applicable. The Applicant does not anticipate that the ASTC patient population will require longer preparation times, and if such an issue arises, the Applicant is prepared to accommodate this population.

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

**Response:** The Applicant's long-range plan is to provide safe, quality, and cost-efficient health care to those it is privileged to serve. As the health care landscape begins to change from a traditional fee-for-service industry to payment for value and performance, the Applicant believes it is critical to adapt to this change in order to fulfill its mission as an affiliate of a local community health system and remain financially viable. This philosophy is a primary force driving the Applicant's proposal to convert Tennova Healthcare-Lebanon's HOPD to a multi-specialty ambulatory surgery center.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for certificate of need criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

Please complete the following tables, if applicable:

**Response:** Please see Attachment B – Need – C for a map of the Primary Service Area proposed by the Applicant. Please see below the utilization for the HOPD upon which the Applicant has based its projections in the first chart followed by the Applicant's projected utilization for Year 1 in the second chart.

Primary Service Area Counties	2016 HOPD Utilization-County Cases	% of total procedures
Wilson	921	52%
Macon	134	8%
Smith	183	10%
Sumner	134	8%
Trousdale	69	4%
PSA Totals	1441	82%
Other Counties and States	313	18%
Total	1754	100%

Primary Service Area Counties	Year 2 Projected Utilization-County Cases	% of total procedures
Wilson	1156	52%
Macon	168	8%
Smith	231	10%
Sumner	169	8%
Trousdale	86	4%
PSA Totals	1,810	82%
Other Counties and States	394	18%
Total	2,204	100%

- D. 1). a) Describe the demographics of the population to be served by the proposal.

**Response:** The Primary Service Area population is slightly older than the State average, with the Primary Service Area's average median age set at 40.2 and the State average median age set at 38.4. The Primary Service Area population is expected to grow by 5.9% between 2016 and 2020, which is higher than the State's expected growth rate of 4.3% during this four-year span. With a median income of \$46,416, the Primary Service Area has a slightly higher median income than the State, which has a median income of \$45,219.

The Applicant will target all age ranges of the Primary Service Area, as the Applicant plans to serve both adult and pediatric patients.

- b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

**Response:**

Demographic Variable/ Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- (2017)	Total Population- (2021)	Total Population- % Change	*Target Population- (2017)	*Target Population- (2021)	*Target Population- % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Below Poverty Level as %	TennCare Enrollees (Dec. 2016)	TennCare Enrollees as % of Total Population
Wilson	131,486	140,892	7.2%	131,486	140,892	7.2%	100%	40.1	\$61,070	10,844	8.4 %	20,457	15.6%
Macon	23,639	24,380	3.1%	23,639	24,380	3.1%	100%	39.6	\$28,684	7,857	33.5 %	7,270	30.8%
Smith	20,378	20,977	2.9%	20,378	20,977	2.9%	100%	41.6	\$43,914	3,657	18.1 %	4,693	23.0%
Sumner	181,647	193,113	6.3%	181,647	193,113	6.3%	100%	39.4	\$57,382	18,052	10.1 %	31,569	17.4%
Trousdale	8,477	8,824	4.1%	8,477	8,824	4.1%	100%	40.2	\$41,029	1,361	16.2 %	2,184	25.8%
Primary Service Area Total	365,627	388,186	6.2%	365,627	388,186	6.2%	100%	40.2	\$46,416	41,771	11.6 %	66,173	18.1%
State of TN Total	6,887,572	7,179,512	4.2%	6,887,572	7,179,512	4.2%	100%	38.4	\$45,219	1,137,605	16.7 %	1,559,209	22.6%

\* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**Response:** Each of the counties in the Primary Service Area is a Federally-Designated Medically Underserved Area, as designated by the U.S. Health Resources and Services Administration ("HRSA"). The HRSA describes these areas as having too few primary care providers, high infant mortality, high poverty or a high elderly population.

The Applicant will provide services without regard to gender, race, socioeconomic status, or ability to pay and has demonstrated that in the current HOPD. In the most recent 12 months ending December 2016, TennCare/Self-Pay represented 26% of the total patients that received care in the HOPD. This number is significantly higher than the percentage of TennCare enrollees present in the population of almost all of the counties in the Primary Service Area as well as the state's percentage of TennCare Enrollees of approximately 22%.

Between 2017 and 2021, the adult senior (those older than 65) population in Wilson County alone is projected to increase by 22.5% while the total county population is projected to grow by 7.3%. The senior population growth in Wilson County also exceeds the Tennessee State projection of 16.7% population increase for adult seniors. The Applicant is committed to serving this population in the same way as the HOPD.

In terms of access, patients seeking care in the HOPD are faced with significantly higher costs than that of an ASTC. This is due to the classification of the center as a hospital outpatient department. In an effort to provide more cost-efficient care to patients, the Applicant proposes to reclassify the HOPD as an ASTC. This conversion will reduce cost barriers patients face accessing high-quality care.

- E. Describe the existing and approved but unimplemented services of similar health care providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

**Response:** Tennessee Ortho was approved for a multi-specialty ASTC by the Agency in November 2016 and the proposed ASTC has yet to be fully constructed. In Tennessee Ortho's Certificate of Need application, it stated that 1,468 cases would come from the HOPD. However, that applicant did not provide letters of support from the majority of surgeons who would perform such cases. Tennessee Ortho cited, for example, that 740 ENT cases would come from Tennova Healthcare-Lebanon; however, such projection was not historically accurate, as for the past three (3) years, Tennova Healthcare-Lebanon has not performed more than 680 ENT surgeries in a single year. Enclosed with this Application are support letters from numerous surgeons who have committed to utilizing the proposed ASTC, including ENT surgeons, and the Applicant anticipates receiving additional letters of support after the filing of this application.

The following chart shows utilization data for the ASTCs operating in the Primary Service Area for years 2013 to 2015.



Ambulatory Surgical Treatment Center Cases in Primary Service Area 2013-2015							
		2015		2014		2013	
Facility Name	County	Cases	Patients	Cases	Patients	Cases	Patients
Providence Surgery Center (Multi-Specialty)	Wilson	673	599	1,950	666	2,028	708
Lebanon Endoscopy Center (Single Specialty)	Wilson	1,931	1,931	3,453	1,893	3,733	2,140
Wilson County Eye Surgery Center (Single Specialty)	Wilson	1,343	932	1,452	1,151	1,199	912
Green Surgery Center (Single Specialty)	Sumner	1,024	666	1,062	699	1,089	1,089
Patient Partners (Multi- Specialty)	Sumner	4,539	4,213	8,974	4,181	7,976	3,789
Primary Service Area Totals		9,510	8,341	16,891	8,590	16,155	8,715

Sources: 2013, 2014 and 2015 Joint Annual Reports

As shown in the chart, the total number of cases among multi-specialty surgery centers in the Primary Service Area in 2015 is 5,212. There are only two multi-specialty centers in the Primary Service Area, leading to an average of 2,606 cases in 2015, with Providence performing 673 cases and Patient Partners performing 4,539. Providence recently received approval to expand its multi-specialty status to all specialties.

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**Response:** The chart below illustrates cases performed in the HOPD for the past three (3) years and the projected cases for the next two (2) years. Historical data differs from the Joint Annual Report, as the Joint Annual Report does not report outpatient cases by location. As noted previously, in addition to the four (4) dedicated outpatient ORs in ASTC, Tennova Healthcare-Lebanon has 4 inpatient ORs and 2 Endoscopy suites. Many of the outpatient cases reported in the Joint Annual Report are performed in these other locations. Reasons for this include equipment availability for procedures such as endoscopy and cystoscopy. Additionally, there are outpatient cases performed in the hospital's inpatient ORs if the surgeon believes the patient may need further observation or may have complications. Thus, the historical cases reported below are limited to cases performed in the HOPD.



	2014 (ending 12/31/14)	2015 (ending 12/31/15)	2016 (ending 12/31/16)	Projected Year 1 (2018)	Projected Year 2 (2019)
OR Cases	2,098	1,588	1,754	2,204	2,270
PR	0	0	0	0	0
# OR	4	4	4	4	4
# PR	1	1	1	1	1
Cases/OR	525	397	439	551	568
Cases/PR	0	0	0	0	0
OR Util. %			35%	44%	45%
PR Util. %	0%	0%	0%	0%	0%

#### Projection Methodology

- The HOPD performed 1,754 cases for the 12 months ending 12/31/16. In 2014, the HOPD performed 2,098 cases which then dropped to 1,588 cases in 2015. In 2014, the HOPD grew case volume by 10%, which is projected to grow at the same rate in 2017-2019 before ultimately resuming 2014 volumes.
- The projection includes volume growth in orthopedics and ENT with the additions of 2 new surgeons to Hughston Clinic and another ENT joining the market by 2018.
- The Applicant has support letters enclosed from numerous surgeons who will continue to perform their surgical cases in the ASTC.
- Included in the projection are surgeons who currently perform surgery in the HOPD. Below is a breakdown of the number of surgeons by specialty who will continue to practice in the ASTC.

Specialty	# of Surgeons
Urology	1
Podiatry	2
GYN	5
ENT	2
Dental	2
Ortho/Spine	7
General Surgery	4
Plastics	2

The OR Utilization percentage is based on Tennessee HSDA Certificate of Need Standards, assuming 100% OR capacity of 1,263 cases per OR per year.

#### **SECTION B: ECONOMIC FEASIBILITY**

- A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

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- 1) All projects should have a project cost of at least \$15,000 (the minimum Certificate of Need Filing Fee). (See Application Instructions for Filing Fee)
- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

**Response:** Rent for the proposed site was set based on similar transactions of other CHS/Community Health System, Inc. affiliates. The rent for the proposed site is \$27/square foot on a triple net basis. The property tax appraisal value of the proposed building is \$93.61/square foot.

- 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
- 5) For projects that include new construction, modification, and/or renovation — **documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs.

**Response:** Not applicable.

## PROJECT COST CHART

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**A. Construction and equipment acquired by purchase:**

1.	Architectural and Engineering Fees	\$0
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$244,400
3.	Acquisition of Site	\$0
4.	Preparation of Site	\$0
5.	Total Construction Costs	\$0
6.	Contingency Fund	\$100,000
7.	Fixed Equipment (Not included in Construction Contract)	\$0
8.	Moveable Equipment (System 7 Drill valued at \$54,887.61)	\$200,000
9.	Other (Specify) _____	_____

**B. Acquisition by gift, donation, or lease:**

1.	Facility (inclusive of building and land)	_____
2.	Building only	\$1,944,000 (5 Year Lease)
3.	Land only	_____
4.	Equipment (Specify) _____	_____
5.	Other (Specify) _____	_____

**C. Financing Costs and Fees:**

1.	Interim Financing	_____
2.	Underwriting Costs	_____
3.	Reserve for One Year's Debt Service	_____
4.	Other (Specify) _____	_____

D.	Estimated Project Cost (A+B+C)	\$2,488,400
E.	CON Filing Fee	\$5,600
F.	Total Estimated Project Cost (D+E)	\$2,494,000
<b>TOTAL</b>		

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B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☐ 1) Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants - Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other - Identify and document funding from all other sources.

**Response:** The cost of the project will be paid through cash reserves of the Applicant's parent and its affiliates. Please see Attachment B - Economic Feasibility - B for documentation to this effect.

C. Complete Historical Data Charts on the following two pages — **Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

**Response:** Not applicable. The Applicant seeks to establish a new ASTC and does not have historical data.

D. Complete Projected Data Charts on the following two pages - **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

# PROJECTED DATA CHART

☐ Total Facility  
☒ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 2018	Year 2019
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	<u>2,204 Cases</u>	<u>2,270 Cases</u>
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>          </u>	\$ <u>          </u>
2. Outpatient Services	<u>\$4,077,558</u>	<u>\$4,325,881</u>
3. Emergency Services	<u>          </u>	<u>          </u>
4. Other Operating Revenue (Specify) <u>                                  </u>	<u>          </u>	<u>          </u>
<b>Gross Operating Revenue</b>	<b><u>\$4,077,558</u></b>	<b><u>\$4,325,881</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$39,176</u>	<u>\$41,562</u>
2. Provision for Charity Care	<u>\$40,776</u>	<u>\$43,259</u>
3. Provisions for Bad Debt	<u>          </u>	<u>          </u>
<b>Total Deductions</b>	<b><u>\$79,952</u></b>	<b><u>\$84,821</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$3,997,606</u></b>	<b><u>\$4,241,060</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$881,600</u>	<u>\$935,289</u>
b. Non-Patient Care	<u>\$245,625</u>	<u>\$252,993</u>
2. Physician's Salaries and Wages	<u>          </u>	<u>          </u>
3. Supplies	<u>\$794,745</u>	<u>\$843,145</u>
4. Rent		
a. Paid to Affiliates	<u>\$388,800</u>	<u>\$396,576</u>
b. Paid to Non-Affiliates	<u>          </u>	<u>          </u>
5. Management Fees:		
a. Paid to Affiliates	<u>\$199,880</u>	<u>\$212,053</u>
b. Paid to Non-Affiliates	<u>          </u>	<u>          </u>
6. Other Operating Expenses	<u>\$602,372</u>	<u>\$629,771</u>
<b>Total Operating Expenses</b>	<b><u>\$3,113,022</u></b>	<b><u>\$3,269,827</u></b>
<b>E. Earnings Before Interest, Taxes and Depreciation</b>	<b><u>\$914,584</u></b>	<b><u>\$971,234</u></b>
F. Non-Operating Expenses		
1. Taxes	<u>\$90,178</u>	<u>\$95,063</u>
2. Depreciation	<u>\$5,711</u>	<u>\$11,770</u>
3. Interest	<u>          </u>	<u>\$          </u>
4. Other Non-Operating Expenses	<u>          </u>	<u>          </u>
<b>Total Non-Operating Expenses</b>	<b><u>\$95,889</u></b>	<b><u>\$106,833</u></b>
<b>NET INCOME (LOSS)</b>	<b><u>\$818,695</u></b>	<b><u>\$864,401</u></b>

Chart Continues Onto Next Page

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<b>NET INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>G. Other Deductions</b>		
1. Annual Principal Debt Repayment	\$ _____	\$ _____
2. Annual Capital Expenditure	<u>\$39,976</u>	<u>\$42,411</u>
<b>Total Other Deductions</b>	<u>\$39,976</u>	<u>\$42,411</u>
<b>NET BALANCE</b>	<u>\$778,719</u>	<u>\$821,990</u>
<b>DEPRECIATION</b>	<u>\$5,711</u>	<u>\$11,770</u>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	<u>\$784,430</u>	<u>\$833,760</u>

- ☐ Total Facility  
☒ Project Only

#### PROJECTED DATA CHART OTHER EXPENSES

<b><u>OTHER EXPENSES CATEGORIES</u></b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year _____</u></b>
1. <u>Professional Services Contract</u>	<u>\$119,940</u>	<u>\$126,027</u>	<u>\$ _____</u>
2. <u>Contract Labor</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
3. <u>Imaging Interpretation Fees</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
4. <u>Occupancy Cost</u>	<u>\$144,000</u>	<u>\$146,880</u>	<u>_____</u>
5. <u>Repairs &amp; Maintenance</u>	<u>\$44,080</u>	<u>\$45,402</u>	<u>_____</u>
6. <u>Equipment Lease</u>	<u>\$20,000</u>	<u>\$21,218</u>	<u>_____</u>
7. <u>Legal &amp; Professional Fees</u>	<u>\$25,000</u>	<u>\$26,523</u>	<u>_____</u>
8. <u>Insurance</u>	<u>\$34,448</u>	<u>\$35,729</u>	<u>_____</u>
9. <u>Billing Expense</u>	<u>\$159,904</u>	<u>\$169,642</u>	<u>_____</u>
10. <u>Software Services</u>	<u>\$30,000</u>	<u>\$31,827</u>	<u>_____</u>
11. <u>Meetings and Training</u>	<u>\$15,000</u>	<u>\$15,914</u>	<u>_____</u>
11. <u>Marketing</u>	<u>\$10,000</u>	<u>\$10,609</u>	<u>_____</u>
<b>Total Other Expenses</b>	<u><b>\$602,372</b></u>	<u><b>\$629,771</b></u>	<u><b>\$ _____</b></u>

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
<b>Average Gross Charge</b> ( <i>Gross Operating Revenue/Utilization Data</i> )	N/A	N/A	\$1,850.07	\$1,905.67	3.0%
<b>Deduction from Revenue</b> ( <i>Total Deductions/Utilization Data</i> )	N/A	N/A	\$36.28	\$37.37	3.0%
<b>Average Net Charge</b> ( <i>Net Operating Revenue/Utilization Data</i> )	N/A	N/A	\$1,813.80	\$1,868.31	3.0%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

**Response:** As shown in the chart below, the current rate of the top five (5) CPT codes for which the HOPD bills will decrease by around 50% under the ASTC fee schedule. Because self-pay charges are typically a percentage of the Medicare Rate, self-pay patients will also benefit from the Applicant's reduced fee schedule. Though the income of Tennova Healthcare – Lebanon will decrease by approximately \$1.6 million in net revenue if the proposed conversion of the HOPD into an ASTC is approved, it will remain a viable economic institution.

CPT Code	Annual Case Volume	Medicare Rate ASTC	Medicare Rate HOPD	Difference	Annual Net Revenue Loss
69436	182	\$ 540.97	\$ 1,038.55	497.58	\$ 90,559.56
30140	142	\$ 906.49	\$ 2,173.69	1267.2	\$ 179,942.40
29881	97	\$ 1,174.89	\$ 2,438.34	1263.45	\$ 122,554.65
42820	90	\$ 1,964.83	\$ 4,130.94	2166.11	\$ 194,949.90
64721	53	\$ 760.45	\$ 1,563.42	802.97	\$ 42,557.41

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Response:** The Applicant's average gross charge of \$1,850.07 is in line with what that of the other multi-specialty ASTCs in the Primary Service Area. Based on the total patient revenue in their 2015 Joint Annual Reports, Providence had an average gross charge of \$10,748.13 and an average net charge of \$2,743.12 while Patient Partners in Sumner County had an average gross charge of \$4,763.52 and an average net charge of \$1,053.50. The Applicant notes that Providence's recent Certificate of Need application projected an average gross charge of \$10,609 and average net charge of \$2,210, which still exceeds the Applicant's projected average gross charge.

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for

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the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-FI. NOTE: Publicly held entities only need to reference their SEC filings.**

**Response:** The parent entity of the Applicant, Community Health Systems, Inc. is a publicly traded corporation and its latest annual report can be found at: <http://www.chs.net/investor-relations/annual-reports/>.

- 2) Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	21.3%	22.3%

- 3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

**Response:** Based on the most recent, available audited financial statements, the capitalization ratio of the Applicant's parent is 80%.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

**Response:** As shown below, the Applicant projects a gross revenue of \$4,077,558 in Year 1 and will participate in TennCare and Medicare, which the Applicant projects to be the source of 21% and 30%, of its revenue, respectively. The Applicant anticipates that approximately %1, or \$40,776, of its revenue will be charity care. The Applicant will be a significant health care service provider to patients who are Medicare and Medicaid beneficiaries, with 51% of projected revenue coming from these two payors.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$ 1,223,267	30%

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TennCare/Medicaid	\$ 856,287	21%
Commercial/Other Managed Care	\$ 1,549,472	38%
Self-Pay	\$ 244,653	6%
Charity Care	\$ 40,776	1%
Other (Other Governmental Payors; Workers' Compensation)	\$ 163,102	4%
Total	\$ 4,077,558	100%

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (N/A)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
<b>a) Direct Patient Care Positions</b>				
Registered Nurse	N/A	8.5	\$30.00/hr	\$28.25/\$27.35
Surgical Technician	N/A	4.2	\$20.00/hr	\$19.60/\$18.35
<b>Total Direct Patient Care Positions</b>	N/A	12.7		
<b>b) Non-Patient Care Positions</b>				
Administrator	N/A	1	\$39.18/hr	\$34.22
Biller/Coder	N/A	1	\$21.63/hr	\$22.59
Clerk/Reception	N/A	2	\$16.83/hr	\$11.89
<b>Total Non-Patient Care Positions</b>	N/A	4		
<b>Total Employees (A+B)</b>	N/A	16.7		
<b>c) Contractual Staff</b>	N/A	5		
<b>Total Staff (a+b+c)</b>	N/A	21.7	\$25.53	

**Response:** As it is a new ASTC, the Applicant proposes to adopt the HOPD's current staffing pattern, shown above, for the proposed ASTC. The Applicant does not anticipate that the project will require more than minimal staffing changes. The hourly wage proposed for the registered nurses exceeds the median hourly wage of \$27.35 state-wide and \$28.25 in the Nashville-Davidson-Murfreesboro, TN Metropolitan Statistical Area (the "MSA"), within which the Primary Service Area is located. Similarly, the Applicant's proposed for the ASTC's surgical technicians exceeds the state and MSA respective median hourly wage of \$18.35 and \$19.60.

Source: Tennessee Department of Labor and Workforce Development, Employment and Wage Data, Occupation Data, Occupational Employment and Wages (OES) for 2015 at <https://www.jobs4tn.gov>

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

**Response:** The Applicant's proposal to convert the HOPD to an ASTC represents a critical shift away from higher cost care in an outpatient hospital setting to more affordable care for individuals seeking surgical services. Although the Applicant's affiliate Tennova Healthcare – Lebanon will realize a financial loss from the proposed project, the cost containment that will result from the proposed project will significantly benefit the individuals the Applicant will serve and the community at large and will enable the Applicant to keep pace with the modern health care environment's focus on cost effective care. A freestanding ASTC presents the most cost-efficient method of providing surgical services.

- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

**Response:** The proposed project does not require new construction.

## **SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

The Applicant plans to enter into a transfer agreement with Tennova Healthcare – Lebanon, a contract with a third party anesthesia services provider, and contracts with the same MCOs with whom Tennova Healthcare – Lebanon is currently in a contractual relationship, which include the following: BC/BS TN Preferred, BC/BS TN Select, CIGNA, United Healthcare, Aetna, Humana, PHCS/Multiplan, AmeriChoice (UHC Community Plan), Amerigroup, TennCare Select, BlueCare, HealthSpring, United/Secure Horizons, Humana, Blue Advantage/65, and Amerigroup.

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

- 1) Positive Effects

**Response:** The proposed project will benefit patients, who will pay lower fees to receive care in an ambulatory surgical treatment center than an outpatient department of a hospital.

- 2) Negative Effects

**Response:** The Applicant proposes to replace the HOPD with a multi-specialty ASTC, and thus, does not propose to increase the availability of surgical treatment in the Service Area. Therefore, the proposed project should have little to no impact on other providers.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing

requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

**Response:** As discussed above, the Applicant does not intend to change the staffing pattern in place at the HOPD if the application to re-categorize the facility as an ASTC is approved. The current staffing pattern is adequate for the HOPD's needs, and, consequently, will be sufficient for the ASTC as well.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

**Response:** The Applicant has reviewed and understands the aforementioned requirements.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

**Response:** The Applicant's affiliate, Tennova Healthcare-Lebanon, currently has agreements with several different local schools for onsite training and rotations for nursing, therapy, phlebotomy, and medical technicians. The ASTC would seek opportunities to partner with local programs to provide similar training and education, with such agreements likely limited to nursing and surgical technicians as they are the primary workforce in facilities such as the proposed ASTC.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: To operate an ASTC, the Applicant will obtain an Ambulatory Surgical Treatment Center License issued by the Tennessee Department of Health, Division of Health Licensure and Regulation, Office of Health Care Facilities.

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): The Applicant will obtain Medicare certification.

Accreditation (i.e., Joint Commission, CARF, etc.): The Applicant will seek accreditation from the Accreditation Association for Ambulatory Health Care.

**Response:** The Applicant has reviewed and understands the applicable licensure and certification requirements for operating an ASTC.

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

**Response:** As the Applicant is not currently operating an ASTC, the Applicant does not hold a license, certification, or accreditation covering the proposed services.

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

**Response:** Not applicable.

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

**Response:** Not applicable.

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

**Response:** Not applicable.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

- 2) Been subjected to any of the following:

- a) Final Order or Judgment in a state licensure action;
- b) Criminal fines in cases involving a Federal or State health care offense;
- c) Civil monetary penalties in cases involving a Federal or State health care offense;
- d) Administrative monetary penalties in cases involving a Federal or State health care offense;
- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
- g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
- h) Is presently subject to a corporate integrity agreement.

**Response:** No.

F. Outstanding Projects:

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

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*RDA 1651*

### Outstanding Projects

<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	
CN1510-042A	Lebanon HMA, LLC dba Tennova Healthcare-Lebanon McFarland Campus (fka McFarland Specialty Hospital)	01/27/2016	March 1, 2017	Not yet due	03/01/2019

\* Annual Progress Reports - HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

**Response:** The changes approved in the Certificate of Need granted to Lebanon HMA, LLC d/b/a Tennova Healthcare-Lebanon f/k/a University Medical Center are in progress. The construction is proceeding as anticipated and the Applicant understands that the Annual Progress Report due March 1, 2017 will be timely filed

G. Equipment Registry - For the applicant and all entities in common ownership with the applicant.

1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?

**Response:** While the Applicant will not own, lease, operate, or contract for the equipment listed above, Tennova Healthcare-Lebanon, which shares the same parent entity as the Applicant, does own, lease, operate, or contract for some or all of the equipment listed above.

2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?

**Response:** Tennova Healthcare-Lebanon, the Applicant's affiliate, submitted registration data to the HSDA for (i) a GE VCT 64 Slice CT scanner on October 27, 2006, (ii) a Philips 64 Slice CT scanner on November 6, 2015 and (iii) a Philips Intera MRI machine following its acquisition in 1999. Tennova Healthcare-Lebanon also makes use of a "mobile" Urotech lithotripter owned by a third party that is brought to the hospital campus whenever it is to be used.

3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

**Response:** Tennova Healthcare-Lebanon is in the process of preparing 2016 utilization data for the equipment listed above.

## **SECTION B: QUALITY MEASURES**

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

**Response:** The Applicant will report annually using forms prescribed by the HSDA concerning continued need and appropriate quality measures as determined by the HSDA pertaining to the Applicant's proposed certificate of need.

## **SECTION C: STATE HEALTH PLAN QUESTIONS**

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning> ). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

**Response:** The Applicant's affiliate, Lebanon HMA, LLC, currently operates the HOPD, which has existed since 2010. Within the Primary Service Area, there are only two existing multi-specialty ASTCs, which are located in Wilson and Sumner Counties respectively. A third ASTC was approved in Wilson County for Tennessee Ortho, but that center has not yet been constructed. Because the HOPD is hospital-based, the cost of care to HOPD patients is significantly higher than care provided in an ASTC. In fact, the cost to Medicare for care in an ASTC is generally fifty-five percent (55%) less than care in a hospital-based environment. The Applicant believes this has a direct adverse impact on patients, which can be changed by converting the HOPD to a freestanding multispecialty ASTC. This change would provide a direct benefit to the patients and provide an alternative to other ASTCs.

In 2015, Tennova Healthcare-Lebanon provided over \$508,000 in uncompensated care to patients. Additionally, twenty-six percent (26%) of the Applicant's patients are TennCare/Medicaid or Self-Pay. If this Application is approved to convert the HOPD to a free standing ASTC, the decrease in cost of care will provide a significant benefit to this population of patients.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

**Response:** The primary intent of this Application is to provide services currently being performed in a high cost hospital-based environment in a lower cost ASTC in a building that already exists as a hospital-based outpatient surgery center. The Applicant's affiliate, Tennova Healthcare-Lebanon, has served Wilson County as the only acute care hospital for over 75 years. Over that time period, Tennova Healthcare-Lebanon has demonstrated not only financial stability but has been recognized for safe, high quality care, most recently in 2014 by The Joint Commission as a Top Performer on Key Quality Measures. Given the trend in health care to shift patients to more appropriate, lower cost environments, the Applicant believes it is critical that adjustments be made to its own cost structure to remain competitive and continue to offer access to safe, high quality to the local community.

- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

**Response:** Health care costs to patients of a multi-specialty ASTC are significantly lower than costs to patients of a hospital-based outpatient surgery center. Given that each of the counties in the Primary Service Area are designated as Medically Underserved Populations, the Applicant believes that patients seeking outpatient surgery care should have access to surgical treatment without incurring the increased cost associated with a hospital-based outpatient surgery center. This Application addresses removing this cost disparity without adding more capacity to the current outpatient surgery landscape in Wilson County.

- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

**Response:** The Applicant's ASTC will comply with state ASTC licensure requirements and the ASC certification requirements of the Centers for Medicare and Medicaid Services. Additionally, the Applicant will seek accreditation from the Accreditation Association for Ambulatory Health Care. The Applicant's ASTC will be managed by CHSPSC, LLC. The Applicant also anticipates developing a governing board comprised in part of surgeons who perform surgery in the ASTC, which will lend additional oversight to the quality and safety of care provided to patients.

- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

**Response:** The ASTC will be staffed by clinical personnel who specialize in delivering ambulatory services. The staff who will deliver care in the ASTC will be the same staff currently delivering care in the HOPD. The Applicant has been successful in recruiting and maintaining qualified personnel in the HOPD.



## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

## NOTIFICATION REQUIREMENTS

**(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)**

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

## DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

## PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<b>Phase</b>	<b>Days Required</b>	<b>Anticipated Date [Month/Year]</b>
1. Initial HSDA decision date		April, 2017
2. Architectural and engineering contract signed		
3. Construction documents approved by the Tennessee Department of Health		
4. Construction contract signed		
5. Building permit secured		
6. Site preparation completed		
7. Building construction commenced		
8. Construction 40% complete		
9. Construction 80% complete		
10. Construction 100% complete (approved for occupancy)		
11. *Issuance of License	250 Days	January 2018
12. *Issuance of Service	250 Days	January 2018
13. Final Architectural Certification of Payment		
14. Final Project Report Form submitted (Form HR0055)	340 Days	April 2018

\*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

**NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date**

**Attachment A – 3B**

**Letters of Support**



**RANDALL HUTTO**  
County Mayor

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**WILSON COUNTY GOVERNMENT**

Jan 27<sup>th</sup> 2017

RE: Letter of support

Dear Sir/Madam,

I am writing in support of the Certificate of Need application filed by Tennova Healthcare – Lebanon.

I have been a resident of Lebanon for more than 30 years and currently serve as the mayor of Wilson County. I have served as the county mayor for the past 6 ½ years. In that time this community has experienced tremendous growth, being named in the top 5 fastest growing counties of TN for several consecutive years.

Tennova Healthcare – Lebanon has been a key cornerstone of our community and many additional community benefits have been recognized since the changing of ownership in 2014. This hospital has taken care of the increased number of county residents and been a cause for many local residents to remain in Wilson County for their healthcare needs, rather than travelling to Nashville.

Restructuring the outpatient surgery department to include lower cost options available in a free-standing surgery center will provide cost saving to our residents. I strongly support this opportunity to provide high quality care to our residents with more cost-effective options.

Respectfully,

A handwritten signature in cursive script that reads "Randall Hutto".

Randall Hutto  
Wilson County Mayor

**WILSON**  
**Bank & Trust**  
*Community Financial Centers*

January 27, 2017

Ms. Melanie M. Hill  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Certificate of Need Application by  
Tennova Healthcare-Lebanon for free standing, ambulatory Surgery Center

Dear Ms. Hill:

I am writing in support of the certificate of need application filed by Tennova Healthcare-Lebanon. I have been a banker in Lebanon for 45 years. I have been a resident of Lebanon all my life and currently serve as CEO and Chairman of the Board of Wilson Bank & Trust, one of Wilson County's largest banks.

Since Tennova-Lebanon affiliated with CHS many benefits have been brought to our community, which is causing many local residents to remain in Wilson County for their health care, instead of traveling to Nashville. Restructuring the outpatient surgery department to include lower cost options available in a free-standing surgery center will provide cost savings for our residents.

Even though Tennova-Lebanon offers discounted and sliding-scale payment options for our residents who cannot afford, either with their insurance plan or from their own funds, to pay the full costs of some surgical procedures, some local residents are unaware of or reluctant to seek such financial assistance, and the lower cost structure for such residents will be very beneficial.

As insurance companies and payors demand more financially-efficient alternatives, approval of this application will quickly provide such an alternative for lower cost surgeries in our community.

A local post-acute facility, having a strong vibrant local hospital helps recruit more physicians to our community.

I welcome the current renovation of the hospital's surgical area to allow us to provide better care for patients, as well the option of on-campus outpatient surgeries.

CHS is a recognized leader in healthcare, and having a modern outpatient surgery center on campus will allow local residents better access to local health resources.

Sincerely,



Randall Clemons  
CEO/Chairman of the Board

WILSON BANK & TRUST

623 WEST MAIN STREET • P.O. BOX 768 • LEBANON, TN 37088-0768

Member  
**FDIC**



WWW.WILSONBANK.COM

615.444.2265

**HUGHSTON**  
**CLINIC**  
**ORTHOPAEDICS**

January 30, 2017

Ms. Melanie M. Hill  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

RE: Certificate of Need Application by Tennova Healthcare- Lebanon for the establishment of a multi-specialty ASTC in Lebanon, TN

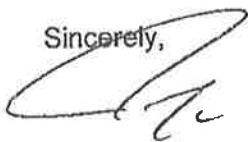
Dear Ms. Hill:

It is my pleasure to write in support of the certificate of need filed by Lebanon surgery center, LLC, an affiliate of Tennova- Healthcare Lebanon. We are writing this letter on behalf of the four surgeons who practice in our Lebanon Clinic- Dr. Lucas Richie, Dr. Shawn Mountain, Dr. Stephen Neely, and Dr. Jon Cornelius. As practicing Orthopedic Surgeons in Wilson County who currently utilize the Tennova Healthcare- Lebanon outpatient surgery center, we believe the conversion of the existing outpatient surgery center to an ASTC is the best thing for our patients and for the Wilson County community.

Even though Tennova-Lebanon offers discounted and sliding-scale payment options for our residents who cannot afford, either with their insurance plan or from their own funds, to pay the full costs of some surgical procedures, some local residents are unaware of, or reluctant to seek, such financial assistance, and the lower cost structure for such residents will be very beneficial. As insurance companies and payors demand more financially-efficient alternatives, approval of this application will quickly provide such an alternative for lower cost surgeries in our community.

Given that our practice is located in Lebanon, we would prefer to do our cases at the Tennova Lebanon outpatient surgery center. It is inconvenient for our surgeons and patients for surgeries to be performed elsewhere. We are excited to see this change take place and the benefit our patients will see in a lower cost environment.

Sincerely,



Jon Cornelius, MD  
Shawn Mountain, DO  
Lucas Richie, MD





**Regional ENT  
ASSOCIATES, PC**  
EAR, NOSE & THROAT SPECIALISTS

**Lebanon Office**

206A Babb Dr.  
Lebanon, TN 37087  
Office: (615) 444-6667  
Fax: (615) 444-7772

**Gallatin Office**

300 Steam Plant Rd., Ste 450  
Gallatin, TN 37066  
Office: (615) 452-6100  
Fax: (615) 444-7058

**John L. Tate, M.D.**

**Leslie Allen, FNP-C**

January 30, 2017

Ms. Melanie M. Hill  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Certificate of Need Application by Tennova Healthcare – Lebanon for the establishment of a multi-specialty ASTC in Lebanon, TN

Dear Ms. Hill:

It is my pleasure to write in support of the certificate of need filed by Tennova- Healthcare Lebanon. I have been a practicing Otolaryngologist in Wilson County for over 25 years and have been a proponent of having access to ASTC services in Wilson County for many years.

I currently perform the majority of my surgeries in the Tennova Healthcare- Lebanon outpatient surgery center (HOPD). Unfortunately, the cost to my patients to receive care in the center is higher than it would be in an ASTC. While there are others coming to the market with multi-specialty ASTC services, I would prefer to do my cases at the Tennova Surgery Center as my office is located next door making it very convenient for my patients.

I have been pleased with the quality of care my patients receive in the existing center and I am excited to see how that quality will be built upon as a free standing center. I can't emphasize enough the benefits my patients will receive from this center converting to an ASTC. As Wilson County continues to grow, patients should have choices where they receive their care and those choices should be based on quality, without disparate costs. The approval of this request will allow that to happen.

Sincerely,

John Tate, MD

# THE SURGICAL CLINIC, PLLC

Excellence. Tailored to the Patient

Roger A. Bonau, MD  
John A. Boskind, MD  
Mark E. Cooper, MD  
Jeffery B. Dattilo, MD  
William H. Edwards, Jr., MD, MBA

JimBob Faulk, MD  
Bryan T. Fisher, MD  
Alex Brent Fruin, MD  
Robert Garza, MD  
Richard J. Geer, MD

Trudie A. Goers MD  
Bassam N. Helou, MD  
Ashley A. Hendrix, MD  
John E. Keyser, III, MD

Billy J. Kim, MD  
Allen P. Lee, MD  
E. Dwayne Lett, MD

George B. Lynch, MD

Clinton A. Marlar, MD

Raymond S. Martin, III, MD

James G. McDowell, Jr., MD

Giacomo M. Meeker, MD

Willie Melvin III, MD

Gregory E. Neal, MD

William H. Polk, Jr., MD

Drew H. Reynolds, MD

Adam A. Richter, MD

Marc E. Rosen, DO

Stanley O. Snyder, Jr., MD, RVT

Joshua T. Taylor MD

K. Tyson Thomas, MD

Michael C. Thomas, MD

Patrick S. Wolf, MD

Aaron Fitzsimmons, CP, OT, FAAOP

Meredith H. Spruill, ACNP-BC

Christine T. Cahill, ANP-BC

Robert H. McCorkle, MBA, MPH  
Chief Executive Officer

[www.tsclinic.com](http://www.tsclinic.com)

## Business Office

53 Century Blvd. Suite 120  
Nashville, TN 37214  
Phone: (615) 292-5722  
Fax: (615) 346-6225

## Administration Office

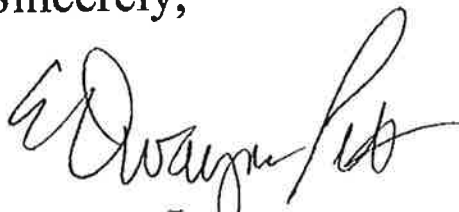
85 White Bridge Road  
2nd Floor  
Nashville, TN 37205  
Phone: (615) 346-6200  
Fax: (615) 346-6201

January 31, 2017

Dear Sir,

I plan continued utilization of the Tennova facility for ambulatory surgical services for my patients when clinically appropriate. Conversion of the site to a true outpatient center will benefit the patients of Wilson County.

Sincerely,



Dwayne Lett



***Family Medical P.C.***  
***1407 Baddour Parkway, Lebanon, TN 37087***  
***615-444-6203 / fax 615-444-6252***

---

*Roger E. McKinney, M.D.*  
*George W. Robertson, M.D.*  
*George W. (Bill) Robertson, M.D.*

*Samuel Crutcher, M.D.*  
*Bernard Sy, M.D.*  
*John Fisk, M.D.*

Ms. Melanie M. Hill  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tn. 37243

RE: Certificate of Need Application by Tennova Healthcare – Lebanon – for a free-standing ambulatory Surgery Center

Dear Ms. Hill:

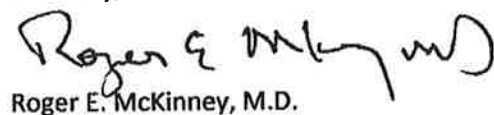
I am writing in support of the certificate of need application filed by Tennova Healthcare – Lebanon. I have been a practicing physician in Lebanon for over 25 years. I have been a resident of Lebanon all of my life and currently serve on the board of directors at Tennova Healthcare in Lebanon.

Since Tennova-Lebanon affiliated with CHS many benefits have been brought to our community, which is causing many local residents to remain in Wilson County for their health care instead of traveling to Nashville. Restructuring the outpatient surgery department to include lower cost options available in a free-standing surgery center will provide cost savings for our residents.

Even though Tennova-Lebanon offers discounted and sliding-scale payment options for our residents who cannot afford, either with insurance plan or from their own funds, to pay the full costs of some surgical procedures, some local residents are unaware of, or reluctant to seek, such financial assistance, and the lower cost structure for such residents will be very beneficial.

As insurance companies and payors demand more financially-efficient alternatives, approval of this application will quickly provide such an alternative for lower cost surgeries in our community.

Sincerely,

  
Roger E. McKinney, M.D.

REM:pd

**Attachment A – 3C**

**Consent Calendar Request**

**Michael D. Brent**

Partner  
mbrent@bradley.com  
615.252.2361 direct



February 10, 2017

Ms. Melanie Hill  
Tennessee Health Services and Development Agency  
500 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, Tennessee 37243

Re: Application for ASTC in Lebanon

Dear Melanie:

As you may recall, last year, on behalf of Lebanon HMA, LLC d/b/a Tennova Healthcare - Lebanon (formerly University Medical Center) ("THL"), we opposed the application of Tennessee Orthopedics, P.C. (CN1605-019) for the establishment of a multi-specialty ambulatory surgical treatment center ("ASTC"). CN1605-019 was approved by the HSDA, and in the discussion of that application several members of the Agency discussed the changes occurring in the healthcare industry, including increased costs to consumers due to higher deductibles and co-pays under many commercial healthcare insurance contracts, and the benefits of performing outpatient surgeries in an ASTC.

After considering those comments, and other changes which are occurring in the delivery of healthcare, a decision was made to create a new entity, Lebanon Surgery Center, LLC, to seek a certificate of need to operate an ASTC in the building on the campus of TNL which currently houses four of THL's operating rooms, and is designated as a "Hospital-based Outpatient Department" ("HOPD"), where most of THL's outpatient surgeries occur. As this application does not seek to add any additional operating room capacity to the area, but will repurpose an existing HOPD to an ASTC status and benefit many patients, as well as the community at large, we believe it is appropriate to be considered on the Agency's consent calendar.

Should you have any questions or desire to discuss this request, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in black ink, appearing to read "Michael D. Brent".

Michael D. Brent

MDB/ced

**Attachment A - 4A**

**Organizational Documents**

# Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF  
DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT  
COPY OF THE CERTIFICATE OF FORMATION OF "LEBANON SURGERY  
CENTER, LLC", FILED IN THIS OFFICE ON THE THIRTIETH DAY OF  
JANUARY, A.D. 2017, AT 11:43 O`CLOCK A.M.



6300311 8100  
SR# 20170518738

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 201957633  
Date: 01-31-17

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 11:43 AM 01/30/2017  
FILED 11:43 AM 01/30/2017  
SR 20170518738 - File Number 6300311

**STATE of DELAWARE  
LIMITED LIABILITY COMPANY  
CERTIFICATE OF FORMATION**

**First:** The name of the limited liability company is Lebanon Surgery Center, LLC.

**Second:** The address of its registered office in the State of Delaware is: 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

**Third:** This Certificate will be effective upon its filing with the Secretary of State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the 30<sup>th</sup> day of January, 2017.



Robin Keck, Authorized Person



**Tre Hargett**  
Secretary of State

## Division of Business Services

### Department of State

State of Tennessee

312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

Lebanon Surgery Center, LLC  
4000 MERIDIAN BLVD  
FRANKLIN, TN 37067-6325

February 1, 2017

### Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

<b>SOS Control # :</b>	<b>000886583</b>	<b>Formation Locale:</b>	DELAWARE
<b>Filing Type:</b>	Limited Liability Company - Foreign	<b>Date Formed:</b>	01/30/2017
<b>Filing Date:</b>	02/01/2017 10:03 AM	<b>Fiscal Year Close:</b>	12
<b>Status:</b>	Active	<b>Annual Report Due:</b>	04/01/2018
<b>Duration Term:</b>	Perpetual	<b>Image # :</b>	B0339-0528
<b>Managed By:</b>	Director Managed		

#### Document Receipt

Receipt # : 003083358

Filing Fee: \$300.00

Payment-Check/MO - CFS-1, NASHVILLE, TN

\$300.00

**Registered Agent Address:**  
BEN FORDHAM  
4000 MERIDIAN BLVD  
FRANKLIN, TN 37067-6325

**Principal Address:**  
4000 MERIDIAN BLVD  
FRANKLIN, TN 37067-6325

Congratulations on the successful filing of your **Application for Certificate of Authority for Lebanon Surgery Center, LLC** in the State of Tennessee which is effective on the date shown above. Please visit the Tennessee Department of Revenue website ([apps.tn.gov/bizreg](http://apps.tn.gov/bizreg)) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett  
Secretary of State

Processed By: Alex Maxfield

# APPLICATION FOR CERTIFICATE OF AUTHORITY LIMITED LIABILITY COMPANY (ss-4233)

Page 1 of 2



Business Services Division  
Tre Hargett, Secretary of State  
State of Tennessee  
312 Rosa L. Parks AVE, 6th Fl.  
Nashville, TN 37243-1102  
(615) 741-2286

Filing Fee: \$50.00 per member  
(minimum fee = \$300, maximum fee = \$3,000)

For Office Use Only

# FILED

## To The Secretary of the State of Tennessee:

Pursuant to the provisions of T.C.A. §48-249-904 of the Tennessee Revised Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the Limited Liability Company is: Lebanon Surgery Center, LLC

If different, the name under which the certificate of authority is to be obtained is: \_\_\_\_\_

**NOTE:** The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of T.C.A. §48-249-106 of the Tennessee Revised Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to T.C.A. §48-249-106(d).

2. The state or country under whose law it is formed is: Delaware

and the date of its formation is: 01 / 30 / 17 and the date it commenced doing business in Tennessee is: 01 / 31 / 17  
Month Day Year Month Day Year

**NOTE:** Additional filing fees and proof of tax clearance confirming good standing may apply if the Limited Liability Company commenced doing business in Tennessee prior to the approval of this application. See T.C.A. §48-249-913(d) and T.C.A. §48-249-905(c)

3. This company has the additional designation of: \_\_\_\_\_

4. The name and complete address of its registered agent and office located in the state of Tennessee is:

Name: Ben Fordham

Address: 4000 Meridian Blvd.

City: Franklin State: TN Zip Code: 37067 County: Williamson

5. Fiscal Year Close Month: December

6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is: (Not to exceed 90 days)

Effective Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Time: \_\_\_\_\_  
Month Day Year

7. The LLC will be: ☐ Member Managed ☐ Manager Managed ☒ Director Managed ☐ Board Managed ☐ Other

8. Number of Members at the date of filing: 1

9. Period of Duration: ☒ Perpetual ☐ Other \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
Month Day Year

10. The complete address of its principal executive office is:

Address: 4000 Meridian Blvd.

City: Franklin State: TN Zip Code: 37067



# APPLICATION FOR CERTIFICATE OF AUTHORITY LIMITED LIABILITY COMPANY (ss-4233)

Page 2 of 2



Business Services Division  
Tre Hargett, Secretary of State  
State of Tennessee  
312 Rosa L. Parks AVE, 6th Fl.  
Nashville, TN 37243-1102  
(615) 741-2286

For Office Use Only

Filing Fee: \$50.00 per member  
(minimum fee = \$300, maximum fee = \$3,000)

The name of the Limited Liability Company is: Lebanon Surgery Center, LLC

11. The complete mailing address of the entity (If different from the principal office) is:

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

12. Non-Profit LLC (required only if the Additional Designation of "Non-Profit LLC" is entered in section 3.)

- ☐ I certify that this entity is a Non-Profit LLC whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in T.C.A. §67-4-2004. The business is disregarded as an entity for federal income tax purposes.

13. Professional LLC (required only if the Additional Designation of "Professional LLC" is entered in section 3.)

- ☐ I certify that this PLLC has one or more qualified persons as members and no disqualified persons as members or holders.  
☐ I certify that this entity meets the requirement of T.C.A. §48-249-1123(b)(3)

Licensed Profession: \_\_\_\_\_

14. Series LLC (required only if the Additional Designation of "Series LLC" is entered in section 3.)

- ☐ I certify that this entity meets the requirements of T.C.A. §48-249-309(i)

If the provisions of T.C.A. §48-249-309(i) (relating to foreign series LLCs) apply, then the information required by that section should be attached as part of this document.

15. Obligated Member Entity (list of obligated members and signatures must be attached)

- ☐ This entity will be registered as an Obligated Member Entity (OME) Effective Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
Month Day Year

- ☐ I understand that by statute: THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE THE MEMBER(S) TO BE PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AND LIABILITIES FOR THE LIMITED LIABILITY COMPANY TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. CONSULT AN ATTORNEY.

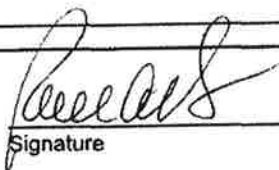
16. Other Provisions: \_\_\_\_\_  
\_\_\_\_\_

1/31/17

Signature Date

Executive Vice President and Secretary

Signer's Capacity (if other than individual capacity)

  
Signature

Rachel A. Seifert

Name (printed or typed)

# Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "LEBANON SURGERY CENTER, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIRST DAY OF FEBRUARY, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "LEBANON SURGERY CENTER, LLC" WAS FORMED ON THE THIRTIETH DAY OF JANUARY, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL FRANCHISE TAXES HAVE BEEN ASSESSED TO DATE.



A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed in a small font.

6300311 8300

SR# 20170572229

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

Authentication: 201965209

Date: 02-01-17

B0339-0530 02/01/2017 10:03 AM Received by Tennessee Secretary of State Tre Hargett

**Attachment A - 5**

**Management Agreement**

## MANAGEMENT AGREEMENT

**THIS MANAGEMENT AGREEMENT** (this "Agreement") is made and entered into as of \_\_\_\_\_, 2017, by and between CHSPSC, LLC, a Delaware limited liability company ("Management Company"), and Lebanon Surgery Center, LLC, a Delaware limited liability company ("Owner"), which owns and operates an outpatient surgery center located at \_\_\_\_\_, Lebanon, TN 37087 ("Center").

### WITNESSETH:

**WHEREAS**, Owner desires to engage Management Company to provide certain management and consulting services to Center, and Management Company desires to accept such engagement, both subject to the terms and conditions set forth below; and

**WHEREAS**, the terms of this Agreement supersede and replace any previous arrangements or agreements (oral or written) in place between the parties hereto and/or their affiliates pertaining to the provision of management and consulting services to Center.

**NOW, THEREFORE**, in consideration of the foregoing recitals and the covenants set forth herein, and, in accordance with the terms and conditions set forth below, the parties hereto, intending to be legally bound, agree as follows:

### ARTICLE I ENGAGEMENT, SERVICES AND AUTHORITY

**1.1 Engagement.** Owner hereby engages Management Company to perform the functions and to provide the Services (defined below), and Management Company hereby agrees to provide the Services under the terms and conditions set forth in this Agreement and in accordance with applicable law.

**1.2 Authority.** Each party represents and warrants that it has the right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement, and further warrants that it has received all required approvals or consents of any person or entity in connection with the execution of this Agreement.

**1.3 Control Retained by Owner.** Owner shall at all times exercise control over the assets and operation of Center, and Management Company shall provide the Services to Center as described in this Agreement in accordance with policies, directives, and budgets adopted by Center. Management Company and Owner each expressly disclaim any intent to jointly form a partnership or to become joint venturers in the operation of Center by virtue of the execution of this Agreement. The relationship created by this Agreement is one of principal (Owner) and agent (Management Company).

#### **1.4 Authority and Responsibilities of Management Company.**

(a) **Responsibilities.** Subject to the limitations and conditions set forth in this Agreement and subject to the written policies of Owner and Center and the Amended and Restated Operating Agreement of Owner, dated as of the date hereof (as may be amended from time-to-time, the "Operating Agreement"), Management Company shall provide the Services. Management Company shall perform the Services in a professional manner. Management Company shall at all times comply with applicable laws and shall not be required

to take any action that, in the reasonable opinion of legal counsel to Management Company, violates any laws.

(b) Reliance. In furtherance of the objectives of this Agreement, Management Company shall be entitled to rely upon instructions received from Owner, as to any and all acts to be performed by Management Company.

**1.5 Medical and Professional Matters.** Under no circumstances shall Management Company be responsible for any medical, clinical or professional matters. Management Company may, however, consult with Center, at Center's request, and make recommendations concerning such matters. Nothing in this Agreement shall be construed or interpreted to delegate to Management Company (a) any power, duty or responsibility required to be retained by Owner or any member of Owner under law (including all certificates and licenses issued under authority of law for operation of Center by Owner), or (b) any right or authority to, directly or indirectly, (i) take any action requiring the approval of Owner, or (ii) make and implement any policy or procedure governing the operation of Center (although Management Company may develop, review and make recommendations to Owner regarding such policies and procedures). In addition, Management Company shall have absolutely no right or authority or duty to act for Owner with respect to any business that is not directly related to the administrative and non-medical management or operation of Center. For avoidance of doubt, Owner shall be and remain at all times the holder of all licenses, accreditation certificates and contracts, which Owner either already has or hereafter obtains, and shall be the "Provider" or "Supplier" within the meaning of all third party contracts for medical and surgical services.

## **ARTICLE II MANAGEMENT AND CONSULTING SERVICES**

During the Term, Management Company shall provide or arrange for all of the services set forth in this Article II in connection with the operation of Center (collectively, the "Services").

**2.1 Guidelines, Policies, Procedures and Other Form Documents.** Management Company shall draft and provide to Owner and Center such guidelines, policies, procedures and other form documents as may be useful or desirable for the operations of Center. Such guidelines, policies, procedures and other form documents may be adopted by Owner at its discretion, however, when Owner adopts any such materials for public dissemination or use, it shall remove the name, address and/or logos of Management Company and cause Owner or Center to print their name(s) on the adopted guideline, policy, procedure, or other form document (with the exception of any copyright notice, which shall remain intact). All form and training manuals provided to Owner or Center by Management Company shall remain the property of Management Company and shall be returned to Management Company upon the termination of this Agreement.

**2.2 Compliance Programs.** Management Company and Owner acknowledge that Center has adopted and is required to be operated in accordance with the Corporate Compliance Program and the financial accounting rules and standards, including submission to internal and external auditing, of Community Health Systems, Inc. (collectively, the "CHS Compliance Program"). Management Company shall help assure that Owner and Center are operated in accordance with the requirements of the CHS Compliance Program and any other similar programs related to legal or regulatory compliance in which Owner participates, and Owner shall cooperate fully in such efforts and programs.

**2.3 License of Marks.** Management Company hereby grants to Owner a limited, non-exclusive license to use, in connection with the operations of Center, any and all service marks and trademarks owned or licensed by Management Company, which may include the "CHS logo" (six blocks and capitalized letters C-H-S).

**2.4 Management Personnel.** Management Company and Owner have identified a qualified administrator and appropriate office personnel for Center. Subject to the prior written approval of Owner, such personnel shall be employees of Owner or leased to Owner by an affiliate of Management Company under a separate employee lease agreement and, except as set forth in such employee lease agreement, no further amounts shall be paid by Owner to Management Company or its affiliates for such personnel. Management Company shall remove any such employee upon the reasonable, written request of Owner.

**2.5 Cash Management Services.** During the Term of this Agreement, Owner shall participate in the cash management program administered by an affiliate of Management Company as provided in that certain Revolving Credit and Cash Management Agreement, dated as of the date hereof. Owner's funds shall be swept on a daily basis, with full accounting to Owner. Subject to Section 2.6, Owner shall have same-day access to funds through the cash management program for payment of its day-to-day accounts payable, including payroll. Interest rates for funds held on deposit and outstanding balances shall be determined from time to time by an affiliate of Management Company and may be evidenced by promissory notes securing the repayment of outstanding balances. Owner and Center shall have no bank accounts other than those established pursuant to the cash management program.

**2.6 Accounts Payable Expenses.** Owner shall be solely responsible for and obligated to pay all expenses associated with its operation including, but not limited to, all employee compensation and accounts payable. On behalf of Owner, Management Company shall pay all of Owner's expenses in connection with its provision of services hereunder, and shall have access to the funds in Owner's accounts described in Section 2.5 for this purpose. Management Company shall also work with Center to develop and refine Center's procedures regarding the processing of accounts payable.

**2.7 Affiliated Service Group Employee Benefits.** Employee benefits for the employees of Owner (or personnel leased by Owner) shall generally be the same as made available to the employees of all affiliates of Community Health Systems, Inc. on a group-wide or sub-group-wide basis. The plan sponsor for the particular benefit plans varies depending on the nature of the benefit provided. Management Company shall provide administrative support to the benefit plans and Owner and its employees, including budgeting, plan design, and enrollment and termination support. Owner shall reimburse the respective plan sponsor for the cost of any benefits provided through any such plans.

## **2.8 Accounting and Finance.**

**(a) Books and Records.** It is acknowledged by the parties that they are affiliates of Community Health Systems, Inc. within the meaning of the United States Securities and Exchange Commission, and as such, their financial statements will be consolidated with the financial statements of Community Health Systems, Inc. and all of its subsidiaries. Management Company shall provide accounting advice and oversight to Owner to assist Owner in maintaining its books and records in accordance with generally accepted accounting principles and which shall be in accordance with the CHS Compliance Program. To the extent Management Company funds any expenditure that is the responsibility of Owner,

Owner shall reimburse Management Company in accordance with Section 5.1 hereof, which shall be reflected through appropriate journal entries on its books and records.

(b) **Budgets.** Management Company shall assist Owner in the preparation of operating and capital budgets for submission to Owner's Board of Directors (as defined in the Operating Agreement) and for use in connection with Management Company's preparation of consolidated budgets for use by Management Company and Community Health Systems, Inc.

(c) **Financial Statements and Other Monthly Reports.** Management Company shall prepare and furnish to Owner's Board of Directors (a) a monthly unaudited balance sheet and income statement, including a list of case volume by provider at Center, (b) monthly operational and key indicator reports, and (c) other information reasonably requested by Owner. After the close of each fiscal year of Owner, Management Company shall cause to be prepared and furnished promptly to Owner a balance sheet of Owner dated as of the end of the fiscal year, a related statement of income or loss for Owner for such fiscal year, and the same information for the fiscal year as is required to be included in the aforementioned monthly reports. Year-end tax information, including K-1 statements, shall be prepared for, and submitted to, the equity holders of Owner in a timely manner by Management Company. Notwithstanding anything within this Agreement to the contrary, all financial books and records of Owner prepared by, or at the request of, Management Company, shall remain the property of Owner.

**2.9 Acquisitions and Development; Business Plan.** From time to time and as requested by Owner, the Acquisitions and Development Department of Management Company shall provide consulting advice to Owner regarding mergers and acquisitions of other health care facilities in the markets where Owner does business or seeks to expand its current business. Management Company shall also work with Owner's Board of Directors to develop long term and short term goals as well as a strategic business plan.

**2.10 Ancillary Services.** Management Company shall provide to Center, as requested by Owner from time to time, consulting services in the areas of biomedical, imaging, laboratory, pharmacy services, anesthesia services, pathology or any other ancillary services requested by Owner (the "Ancillary Services"), which consulting services shall include, without limitation, operational reviews, clinical program and protocol development, policy and procedure development, regulatory, billing and financial management, and staff education and competency evaluations, each in connection with such Ancillary Services.

**2.11 Clinical Services.** The Clinical Services consultants of Management Company shall provide to Center, as requested by Owner from time to time, consulting services in the areas surgical and other services, including without limitation, operational reviews, clinical program and protocol development, policy and procedure development, regulatory, billing and financial management, staff education and competency evaluations.

**2.12 Tax Services.** As with the financial statements, it is agreed that Owner's federal income tax return shall be filed on a consolidated basis with the tax return of the parent company, Community Health Systems, Inc. The Corporate Tax Department of Management Company shall provide assistance to Owner with the preparation and filing of Owner's tax returns and responding to audits and conducting protests in the following areas: state income and franchise taxes, local taxes, sales and use taxes, and real and personal property taxes. Owner and Center shall provide assistance to Management Company to enable it to perform these services on their behalf.

**2.13 Finance and Treasury.** Management Company shall provide policies and procedures for use by Owner in depositing and accessing funds managed by an affiliate of Management Company pursuant to the cash management program, which shall be adhered to by Owner as required by Section 2.5.

**2.14 Healthcare Executives; Operations Team.** Management Company shall provide a team of experienced healthcare executives to provide development, operational and financial management assistance to Owner in the management of Center. The operations team assignment shall not be exclusive to Center and may be reassigned to another operations team as designated by Management Company from time-to-time. Center will provide reports to the operations team to facilitate their performance of these services.

**2.15 Health Information Management.** The Health Information Management Department of Management Company shall provide consulting services to Center's health information management department, including education, documentation improvement, policy and procedure development, compliance and regulatory issues (including HIPAA privacy compliance), billing/coding support and on-site operational assessments. The primary focal areas of these consulting services are, HIM Operations, Centralized Coding Services (CCS), and Coding Compliance Auditing.

**2.16 Human Resources.** The Human Resources Department of Management Company shall administer all human resources functions for Center employees, including, but not limited to:

- (a) processing and administration of health benefits,
- (b) processing and administration of all 401K and other employee benefits,
- (c) processing employee payroll,
- (d) filing appropriate payroll and state employee tax,
- (e) oversight of processing and training of new non-clinical employees,
- (f) assistance with employee terminations, FMLA or any other human resources related issues that arise at Center,
- (g) consulting services to Center in the areas of policy and procedure development, education, benefit administration, wage and salary administration, relocation, employee relations and discipline, EEOC compliance and charge coordination, and
- (h) as requested by Owner, assistance to Center in the recruitment of certain specialized or technical personnel, e.g., nurses, pharmacists, etc.

**2.17 Information Services.** As an integral part of the Services provided through other departments of Management Company, including without limitation, Owner's participation in the cash management system and the consolidated financial reporting activities of Management Company's affiliates, the Information Services Department shall provide Center with access to financial information systems, clinical information systems, and voice and data telecommunication systems and services. The Information Systems Department shall also



provide other support services to Center, including without limitation productivity management reporting, information technology, and computer based training. Management Company shall also maintain all networks and hardware at Center, and help facilitate any updates to any Center specific software.

**2.18 Legal Services.** As requested by Owner, the Legal Department of Management Company shall provide legal guidance to Owner and Center in areas of healthcare regulatory compliance matters, including specifically federal laws (Stark and Anti-kickback Laws, EMTALA, and HIPAA) and state laws (licensure, CON, and corporate entity). Legal guidance in the areas of outpatient surgery center governance, medical staff organization, and physician peer review is also provided; however, such compliance shall be subject to the ultimate oversight and responsibility of Owner. Certain contracts identified in the CHS Compliance Program are formatted, edited, and approved by the Legal Department for use by Center. The Legal Department shall direct the engagement of external legal counsel, unless an existing pre-approved relationship exists.

**2.19 Managed Care.** The Managed Care and Business Development Department of Management Company shall provide consultation and advice to Center regarding the negotiation, implementation, and termination of various managed care arrangements.

**2.20 Marketing.** The Marketing Department of Management Company shall provide template marketing materials for use by Center to advertise, promote and market its services and consults in areas of media and public relations. The Marketing Department shall also license to Center customer service programs and relationship building programs.

**2.21 Materials Management.** The Materials Management Department of Management Company shall provide Center with access to discount purchasing and rebate programs through various group purchasing organizations and other contractual arrangements for goods and services utilized by Center. Owner has agreed to participate in the foregoing arrangements as partial consideration for this Agreement. The Materials Management Department of Management Company shall also provide laundry, maintenance (of lights, monitors, gurneys and other medical-related equipment) and biomedical services to Center, as well as consulting services for materials inventory and expense management, imaging services, and laboratory services.

**2.22 Medical Staff Development.** The Medical Staff Development Department of Management Company shall assist Center in determining the need or desire for Owner's expansion of its medical staff. To the extent Owner determines that an expansion is necessary, Management Company shall provide assistance with such expansion, including, without limitation, recruitment of physicians, doctors, and certain other health care professionals to join the medical staff of Center, engaging third-party recruiters, advertising for and sourcing candidates, and negotiating recruitment or employment contracts, provided, however, all contracts shall be entered into solely in the name of Owner and the responsibility for verifying the credentials and the determination of what privileges, if any, to be granted to any physician, doctor, or health care professional shall rest solely with Owner.

**2.23 Operations; Operations Support.** The Operations Department of Management Company and its subunit Operations Support, shall provide operational support to Owner and Center, including, without limitation, construction planning and management, capital budgeting and procurement. Management Company shall also provide business office support, including, without limitation: (a) performance of an annual business office operational audit, (b) assistance with staffing and productivity measures, (c) a dedicated corporate ASC Business

Office Management Company to assist with any billing, coding software or general operational issues, and (d) performance of quarterly coding audits.

**2.24 Patient Financial Services.** The Patient Financial Services Department of Management Company shall assist Center in all aspects of its business office functions, including, without limitation:

(a) establishment of billing and collections practices, policies, and procedures,

(b) oversight and management of accounts receivable functions, including the performance of a regular accounts receivable analysis to ensure billing and collections are being performed in a timely manner,

(c) collections and lockbox management,

(d) cashiering functions,

(e) patient registration and patient financial responsibility,

(f) assistance to Center in formulating charity care policies and procedures, administrative discount policies and procedures,

(g) developing point of service collection practices and policies, and

(h) selection of collection agencies (which may include Management Company's affiliate, Professional Account Services, Inc.)

**2.25 Physician Practice Support.** If mutually determined by Management Company and Owner to be appropriate, the Management Company shall assist Center in the administration of contractual arrangements between recruited and/or employed physicians and Center (or Center's affiliated entities).

**2.26 Quality and Resource Management.** The Quality and Resource Management Department of Management Company shall provide consulting services to Center regarding quality standards and objectives measures by providing data and reporting tools and consulting advice with respect to such standards and objectives. The Quality and Resource Department shall also provide assistance to Center with preparation for and response to licensure, certification, and accreditation surveys as well as advice and consultation in the areas of medical professional credentialing, medical staff governance, peer review processes and procedures, utilization review and management, and case resource utilization. At the request of and upon appointment by Center, an executive of the Quality and Resource Management Department will serve as a committee member of Center's quality committee.

**2.27 Revenue Management.** The Revenue Management Department of Management Company shall provide assistance to the financial and operational management of Center, including, but not limited to, services in connection with governmental reimbursement, cost report and other regulatory filings, monthly accounting for net patient revenue, adherence to policy and procedure for allowance for bad debts, budgeting, "specialty services" and "charge description master (CDM) services," as applicable. "Specialty services" are directly related to the services provided in skilled nursing units and nursing homes, swing beds and inpatient rehabilitation and inpatient psychiatric areas of care. "CDM services" are directly related to

providing assistance in the ongoing maintenance of outpatient surgery center services and items to be charged through the CDM, communication and implementation of legislative and regulatory changes affecting charging through the CDM, and identification of appropriate situations to impact net revenue (which may be positive or negative).

**2.28 Risk Management, Insurance, and Employee Safety.** The Risk Management Department of Management Company shall provide Center with claims management, adjustment, and prevention assistance to Center in the areas of outpatient surgery center professional liability, medical professional liability, general liability, employment practices liability, casualty loss, and other insurable/insured events. Participation in the foregoing programs is mandatory to the extent Center participates in the insurance programs administered by Management Company. Policies may be maintained on a blanket basis by either Management Company or Owner; whichever entity is the named insured shall name the other party as an additional insured.

### **ARTICLE III**

#### **MAINTENANCE OF STANDARDS**

Management Company shall perform its duties hereunder in a professional and business-like manner in accordance with the then current recognized standards of the outpatient surgery center management industry.

### **ARTICLE IV**

#### **BUSINESS ASSOCIATES AGREEMENT**

In connection with the services provided under this Agreement, Center discloses to Management Company certain Protected Health Information, or PHI, that is subject to protection under the Privacy Rule (as hereinafter defined). The Privacy Rule and the Security Rule (as hereinafter defined) require that Center receive adequate assurances that Management Company will comply with certain obligations with respect to the PHI received in the course of providing services to or on behalf of Center. In order to comply with the Privacy Standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. parts 160 and 164, subparts A and E ("the Privacy Rule"), the Security Standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. parts 160, 162 and 164, subpart C ("the Security Rule"), the Breach Notification Standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. part 164, subpart D ("the Breach Notification Rule" and, collectively, with the Privacy Rule and the Security Rule, the "HIPAA Rules"), and any applicable state confidentiality laws:

#### **4.1 Definitions.**

(a) Unless otherwise provided, all capitalized terms in the Agreement will have the same meaning as provided under the HIPAA Rules.

(b) **Protected Health Information or PHI:** Protected Health Information or PHI, as defined by the Privacy Rule, for this Agreement means PHI that is received, created, maintained, or transmitted on behalf of Center by Management Company. This information is subject to protection under the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

**4.2 Purposes for which PHI May Be Disclosed to Management Company.** In connection with the services provided by Management Company to or on behalf of Center, Center may disclose PHI to Management Company incidentally during the performance of service and support activities.

**4.3 Obligations of Management Company.**

(a) Compliance with Laws. Management Company agrees to comply with applicable federal and state confidentiality and security laws, specifically the provisions of the HIPAA Rules that are applicable to Management Company, and with the requirements of Title XIII, Subtitle D of the Health Information Technology for Economic and Clinical Health (HITECH) Act, codified at 42 U.S.C. §§ 17921-17954 and any regulations issued by the Department of Health and Human Services (HHS) to implement the HITECH Act, as of the date by which Management Company is required to comply with such referenced statutes and regulations. To the extent Management Company is to carry out an obligation of Center under the HIPAA Rules, Management Company shall comply with the requirements of the HIPAA Rules that apply to Center in the performance of such obligation.

(b) Use and Disclosure of PHI. Management Company shall use or disclose PHI only as necessary to provide the services contemplated by this Agreement or as Required by Law, and shall not use or disclose PHI in a manner that would violate the HIPAA Rules if used or disclosed by Center; provided, however, Management Company may use and disclose PHI as necessary for the proper management and administration of Center or Management Company, or to carry out its legal responsibilities and its responsibilities under this Agreement, in which case Management Company shall:

- provide information to members of its Workforce using or disclosing PHI regarding the confidentiality requirements of the Privacy Rule and this Agreement;
- prior to disclosure, obtain reasonable assurances from the person or entity to whom the PHI is disclosed that: (i) the PHI will be held confidential and further used and disclosed only as Required by Law or for the purpose for which it was disclosed to the person or entity; and (ii) the person or entity will immediately, upon discovery, notify Management Company of any instances of which it is aware in which confidentiality of the PHI has been breached; and
- agree to notify the designated Privacy Officer of Center of any instances of which it is aware in which the PHI is used or disclosed for a purpose that is not otherwise provided for in this Agreement or for a purpose not expressly permitted by the HIPAA Rules within five (5) business days of discovery.

(c) Data Aggregation. In the event that Management Company works for more than one Center, Management Company is permitted to use and disclose PHI for data aggregation purposes, however, only in order to analyze data for permitted health care operations, and only to the extent that such use is permitted under the Privacy Rule.

(d) De-identified Information. Management Company may use and disclose De-identified Health Information if (i) such use or disclosure is disclosed to and permitted by Center in its sole discretion and (ii) the de-identification is in compliance with 45

C.F.R. §164.502(d), and the De-identified Health Information meets the standard and implementation specifications for de-identification under 45 C.F.R. §164.514(a) and (b).

(e) Safeguards. Management Company shall maintain appropriate safeguards to ensure that PHI is not used or disclosed other than as provided by this Agreement or as required by Law. Management Company shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of any electronic PHI it creates, receives, maintains, or transmits on behalf of Center.

(f) Minimum Necessary. Management Company shall limit its uses and disclosures of PHI to the "Minimum Necessary," i.e., that only PHI that is the minimum necessary to accomplish the intended purpose of the use, disclosure, or request is used or disclosed. Management Company shall comply with the minimum necessary guidance to be issued by the Secretary pursuant to HIPAA and, to the extent practicable, shall limit its uses and disclosures of, and requests for, PHI to the information making up a limited data set, as set forth in 45 C.F.R. §164.514.

(g) Disclosure to Agents and Subcontractors. Management Company shall enter into a written agreement meeting the requirements of 45 C.F.R. §§ 164.504(e) and 164.314(a)(2) with each Subcontractor (including, without limitation, a Subcontractor that is an agent under applicable law) that creates, receives, maintains or transmits PHI on behalf of Management Company. Management Company shall ensure that the written agreement with each Subcontractor obligates the Subcontractor to comply with restrictions and conditions that are at least as restrictive as the restrictions and conditions that apply to Management Company under this Agreement.

(h) Individual Rights. Management Company agrees as follows:

- **Individual Right to Copy or Inspection.** If an Individual makes a request for access directly to Management Company, Management Company will within five (5) business days forward such request in writing to Center. Center will be responsible for making all determinations regarding the grant or denial of an Individual's request for PHI and Management Company will make no such determinations. Only Center will release PHI to an Individual pursuant to such a request.
- **Access to PHI.** Within fifteen (15) business days of a written request by Center for access to PHI about an Individual contained in any Designated Record Set of Center maintained by Management Company, if any, Management Company shall make available to Center such PHI for so long as Management Company maintains such information in the Designated Record Set.
- **Accounting of Disclosures.** Management Company agrees to maintain documentation of the information required to provide an Accounting of Disclosures of PHI in accordance with 45 C.F.R. § 164.528, and to make this information available to Center upon Center's request, in order to allow Center to respond to an Individual's request for Accounting of Disclosures. Such accounting is limited to

disclosures that were made in the six (6) years prior to the request (not including disclosures prior to the compliance date of the Privacy Rule) and shall be provided for as long as Management Company maintains the PHI. If an Individual requests an Accounting of Disclosures directly from Management Company, Management Company will forward the request and its Disclosure record to Center within five (5) business days of Management Company's receipt of the Individual's request. Center will be responsible for preparing and delivering the Accounting to the Individual. Management Company will not provide an Accounting of its Disclosures directly to any Individual.

(i) Internal Practices, Policies and Procedures. Except as otherwise specified herein, Management Company shall make available its internal practices, policies and procedures relating to the use and disclosure of PHI, received from or on behalf of Center, to the Secretary or his or her agents for the purpose of determining Center's compliance with the HIPAA Rules, or any other health oversight agency. Records requested that are not protected by an applicable legal privilege will be made available in the time and manner specified by Center or the Secretary.

(j) Withdrawal of Authorization. If the use or disclosure of PHI in this Agreement is based upon an Individual's specific authorization for the use or disclosure of his or her PHI, and the Individual revokes such authorization, the effective date of such authorization has expired, or such authorization is found to be defective in any manner that renders it invalid, Management Company shall, if it has notice of such revocation, expiration, or invalidity, cease the use and disclosure of the Individual's PHI except to the extent it has relied on such use or disclosure, or if an exception under the Privacy Rule expressly applies.

(k) Security Incident. Management Company agrees to report to Center any Security Incident of which Management Company becomes aware.

- Attempted incidents, i.e., those incidents that are unsuccessful, shall be reported to Center within thirty (30) business days of Center's written request. Center will not make such a request more frequently than quarterly.
- Successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operation shall be reported to Center without unreasonable delay and in no case later than five (5) business days following discovery thereof.

(l) Breaches of Unsecured PHI. Management Company will report in writing to Center any Breach of Unsecured Protected Health Information, as defined in the Breach Notification Rule, without unreasonable delay and in no case later than five (5) business days of the date Management Company learns of the incident giving rise to the Breach. Management Company will provide such information to Center as required in the Breach Notification Rule. Management Company will reimburse Center for any reasonable expenses Center incurs in notifying Individuals of a Breach caused by Management Company or Management Company's Subcontractors or agents, and for reasonable expenses Center incurs in mitigating harm to those Individuals.

**4.4 Effect of Termination.** Upon termination of this Agreement for any reason, Management Company agrees to return or destroy all PHI received from Center, or created or received by Management Company on behalf of Center, maintained by Management Company in any form. If Management Company determines that the return or destruction of PHI is not feasible, Management Company shall inform Center in writing of the reason thereof, and shall agree to extend the protections of this Agreement to such PHI and limit further uses and disclosures of the PHI to those purposes that make the return or destruction of the PHI not feasible for so long as Management Company retains the PHI.

#### **4.5 Miscellaneous.**

(a) Mitigation. If Management Company violates this Agreement or any of the HIPAA Rules, Management Company agrees to mitigate any damage caused by such breach.

(b) Rights of Proprietary Information. Center retains any and all rights to the proprietary information, confidential information, and PHI it releases to Management Company.

(c) Survival. The respective rights and obligations of Management Company under Article IV of this Agreement shall survive the termination of this Agreement.

(d) No Waiver. Failure or delay on the part of either Party to exercise any right, power, privilege or remedy under this Article IV shall not constitute a waiver thereof. No provision of this Article IV may be waived by either party except by a writing signed by an authorized representative of the party making the waiver.

(e) Equitable Relief. Any disclosure or misappropriation of PHI by Management Company in violation of this Agreement will cause Center irreparable harm, the amount of which may be difficult to ascertain. Management Company therefore agrees that Center shall have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining Management Company from any such further disclosure or breach and for such other relief as Center shall deem appropriate. Such rights are in addition to any other remedies available to Center at law or in equity. Management Company expressly waives the defense that a remedy in damages will be adequate, and further waives any requirement in an action for specific performance or injunction for the posting of a bond by Center.

(f) Interpretation. Any ambiguity in this Article IV shall be resolved in favor of a meaning that permits Center to comply with the HIPAA Rules and any applicable state confidentiality laws. The provisions of this Agreement shall prevail over the provisions of any

other Agreement that exists between the Parties that may conflict with, or appear inconsistent with, any provision of this Agreement or the HIPAA Rules.

(g) Regulatory References. A citation in this Article IV to the Code of Federal Regulations shall mean the cited section as that section may be amended from time to time.

## **ARTICLE V MANAGEMENT FEES/REIMBURSEMENT**

**5.1 Reimbursement of Expenses.** Owner shall reimburse Management Company and certain of its affiliates, as applicable, on a monthly basis, for all reasonable out-of-pocket expenses incurred in connection with the services provided pursuant to this Agreement, including, without limitation, fees to third parties and other reasonable expenses incurred on behalf of or because of Owner. The reimbursed expenses shall be without mark-up or profit added to such actual expenses. Management Company or its affiliates, as applicable, shall prepare an itemization with supporting documentation of such expenses on a monthly basis to be submitted to Owner by the fifteenth (15th) of the subsequent month. Owner shall reimburse Management Company or its affiliates, as applicable, for all such reasonable expenses within ten (10) days after receipt of such itemization with supporting documentation.

**5.2 Management Fee.** As consideration for the services rendered by Management Company pursuant to this Agreement, Owner shall pay to Management Company a monthly management fee equal to five percent (5%) of all Net Operating Revenues of Owner during such month (or the portion thereof) during which this Agreement is in effect (as hereinafter defined) (the "Management Fee"). For purposes hereof, "Net Operating Revenues" shall mean the gross revenues of Owner less contractual adjustments, policy discounts, charity care amounts and administrative discounts (but not bad debt expense) all as determined in accordance with US generally accepted accounting principles. The Management Fee for each month shall be paid on or before the fifteenth (15th) day of the succeeding month.

**5.3 Allocated Expenses.** In addition to the expenses and Management Fee referred to in Sections 5.1 and 5.2, Owner shall be allocated its pro rata share of the Manager's expenses relating to the management information systems, case management, managed care, contracting, purchasing, malpractice insurance, workers' compensation insurance, other insurance, property and franchise taxes, and ancillary services. Such fees shall be equal to Management Company's pro rata share on a functional allocation basis (i.e., Medicare allocation basis) of the current fiscal year's budget consolidated corporate office costs and expenses.

## **ARTICLE VI TERM AND TERMINATION**

**6.1 Term.** This Agreement shall commence on the date set forth above, and shall continue for a period of ten (10) years, unless earlier terminated upon the occurrence of (i) a termination pursuant to Section 6.2 below; or (ii) Owner's ceasing to own an interest in Center; (the "Initial Term"). Following the Initial Term, this Agreement shall renew automatically for successive terms of five (5) years each provided that neither party has delivered written notice of its intent not to renew this Agreement at least ninety (90) days prior to the end of any renewal term. For the purposes of this Agreement, the Initial Term and any renewal terms shall collectively be referred to as the "Term."

### **6.2 Termination for Cause.**



(a) This Agreement may be terminated by either party (the "Terminating Party") if the other party (the "Breaching Party") commits a material breach of this Agreement, and Breaching Party is unable to cure such material breach in a reasonable time after the Terminating Party provides Breaching Party with written notice of such material breach (or, for material breaches identified in subsections (i) and (iii), within the cure periods set forth in those subsections). Material breach of this Agreement includes the following events:

(i) Owner's failure to pay the Management Fee, provided, that Owner shall have the opportunity to cure such failure to pay for a period of ten (10) days from the date Owner receives written notice of such failure to pay.

(ii) Management Company is excluded from participation in any federal health care program, as defined under 42 U.S.C. 1320a-7b(f), for the provision of items or services for which payment may be made under such federal health care program; provided, that Management Company shall have the opportunity to cure such exclusion for a period of thirty (30) days from the date Management Company receives written notice of such exclusion; or

(iii) The suspension or revocation of, or material limitation on, Center's right to participate under any federally-funded health care benefit program, including, without limitation, Medicare or Medicaid as a result of action or inaction by Management Company; provided that Management Company shall have the opportunity to cure such suspension or revocation of, or material limitation, for a period of thirty (30) days from the date Management Company receives written notice of such suspension or revocation of, or material limitation.

(b) Management Company may terminate this Agreement immediately in the event that neither the Management Company, nor an affiliate of the Management Company, either directly or indirectly owns at least a majority of the ownership interests of Owner.

**6.3 Effect of Termination.** Upon termination of this Agreement for any reason:

(a) Owner shall owe to Management Company the full amount of any Management Fees owing pursuant to the terms of Article V of this Agreement, up through and including the date of termination. Owner shall owe no further fees to Management Company following the date of termination;

(b) Management Company's obligations to perform services hereunder shall completely cease, subject to Section 4.5(c) and subparagraph (c) below in this Section 6.5; and

(c) Management Company shall return to Owner, within ten (10) days after termination of this Agreement, copies of all data in Management Company's possession relating to Owner and existing on the date of termination.

## **ARTICLE VII MISCELLANEOUS**

**7.1 Access to Books and Records.** Management Company shall make available, upon request, to the Secretary of Health and Human Services ("Secretary") and the

Comptroller General of the United States or their authorized representatives, this Agreement and all books, documents and records relating to the nature and extent of the costs hereunder for a period of four (4) years after the furnishing of services. Management Company agrees to perform, in accordance with applicable regulations, the obligation as may from time to time be specified for subcontractors in Section 1861(v)(1)(I) of the Social Security Act and the regulations promulgated in implementation thereof (initially codified at 42 C.F.R. §420.300). In addition, Management Company hereby agrees that if services under this Agreement are to be provided by subcontract with a related organization, Management Company shall require in writing that the subcontractor make available to the Secretary and the Comptroller General or their authorized representatives, that contract and all books, documents and records related to the nature and extent of the costs thereunder for a period of four (4) years after the furnishing of services. If Management Company is requested to disclose this Agreement or any books or documents or records pursuant to this section, Management Company shall immediately notify Owner of the nature and scope of the request.

**7.2 Assignment.** This Agreement may not be assigned by either party without the prior written consent of the other party. Notwithstanding the foregoing, Management Company may assign this Agreement to any of its affiliates or subsidiaries without prior written consent of Owner. Any attempted assignment in violation of this section shall be null and void and of no force or effect.

**7.3 Indemnification.** Owner shall protect, indemnify and hold harmless Management Company and the directors, officers, shareholders, employees, and agents of Management Company (the "Manager Indemnified Parties") from and against any and all liability and expense of any kind that may be suffered by any Manager Indemnified Party to the extent arising in connection with Management Company's performance of its duties hereunder, except to the extent such liability resulted from Management Company's gross negligence, fraud, or willful misconduct in the performance of services under this Agreement. Management Company shall protect, indemnify, and hold harmless Owner, and the directors, officers, shareholders, members, partners, employees, and agents of Owner (the "Owner Indemnified Parties") from and against any and all liability and expense of any kind that may be suffered by the Owner Indemnified Parties to the extent arising from Management Company's gross negligence, fraud or willful misconduct in the performance of its duties hereunder. The provisions of this Section 7.3 shall survive termination of this Agreement.

**7.4 Notices.** Any notice or other communication by Management Company and Owner to each other shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail (return receipt requested) or sent by email transmission (provided that for email transmission, copies shall also be sent by overnight courier service or registered / certified mail, return receipt requested) to the applicable parties below and shall be deemed to have been duly given and effective (a) when received, if delivered by hand; (b) when transmitted, if transmitted by email transmission; (c) the day after it is sent, if sent for next day delivery to a domestic address by recognized overnight delivery service (e.g., Federal Express); and (d) upon receipt, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to:

If to Owner:

Lebanon Surgery Center, LLC  
c/o CHSPSC, LLC  
4000 Meridian Boulevard  
Franklin, Tennessee 37067  
Attention: General Counsel

If to Management Company:

CHSPSC, LLC  
4000 Meridian Boulevard  
Franklin, Tennessee 37067  
Attention: General Counsel

**7.5 Entire Agreement; Modification and Change.** This Agreement contains the entire agreement between Management Company and Owner to this Agreement and supersedes any and all prior agreements, arrangement, or understandings between Management Company and Owner relating to the subject matter of this Agreement. This Agreement, and any provision or time period specified in this Agreement, cannot be changed or modified except by another agreement in writing executed by both Management Company and Owner. The parties, however, agree to amend this Agreement from time to time as necessary, in order to allow Center to comply with the requirements of the HIPAA Rules.

**7.6 Governing Law.** The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State where Center is located without regard to conflict of laws principles.

**7.7 Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties agree that facsimile and electronically transmitted portable document format (pdf) signatures shall be deemed originals.

**7.8 Severability.** In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice, or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

**7.9 Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, the parties hereto have entered into this Management Agreement as of the date first above written.

**CHSPSC, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LEBANON SURGERY CENTER, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Attachment A - 6A**

**Deed/Lease/Option to Purchase**

February 1, 2017

Ladies and Gentlemen:

We are pleased to present this option ("Option") to you for the lease ("Lease") of the real property and building described below, on the following terms and conditions:

Lessor: Lebanon HMA, LLC

Lessee: Lebanon Surgery Center, LLC

Premises: Building containing approximately 14,400 square feet, located at 1411 West Baddour Parkway, at the corner of West Baddour Parkway and Babb Drive (also described as Parcel 058 016.08, subparcel 003 in the records of the Wilson County Tax Assessor)

Intended Use: Ambulatory Surgical Treatment Center (the "Facility").

Effective Date and Term: The Effective Date of the Lease shall be the first day of the month after the exercise of this Option (as determined below), and the term of the Lease shall commence on the Effective Date and shall terminate and expire at 11:59 p.m. on the date which is five (5) years thereafter.

Rent: \$388,800.00 per year.

Other Lease Terms: Other terms of the Lease shall be as set forth in the form of the Lease attached hereto as Exhibit A.

In consideration of \$10.00 cash in hand paid, the receipt and sufficiency of which are hereby acknowledged, Lessor grants to Lessee the option described above, which must be exercised within thirty (30) days of the final approval of the Certificate of Need application with regard to the Facility, as is currently pending before the Tennessee Health Services and Development Agency, to allow the use of the Facility by the Lessee as an ambulatory surgical treatment center. If such option is not exercised by such date, this Option shall terminate and be of no further force and effect.

Lebanon HMA, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted:

Lebanon Surgery Center, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

*Note: No handwritten or interlineated changes will override the printed text of this Lease.*

*This Lease is not effective or binding unless approved by all parties listed below.*

## MEDICAL OFFICE SPACE LEASE

Date of this Lease: \_\_\_\_\_

Name and Address of Building:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Landlord: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Tenant: \_\_\_\_\_

Suite Number: \_\_\_\_\_

Leased Premises: space in the Building as identified herein and more particularly described on Exhibit B attached hereto.

Address for Rent Payment Remittal: \_\_\_\_\_

SELECT ONE

SELECT ONE

Commencement Date of Term of Lease

(and obligations hereunder): \_\_\_\_\_

Expiration Date of Lease Term: \_\_\_\_\_

Rent Increase: \_\_\_\_\_% per year      Security Deposit: \$ \_\_\_\_\_

Number of Rentable Square Feet: \_\_\_\_\_

Number of Usable Square Feet: \_\_\_\_\_

Tenant's Proportionate Share of the Rentable Square Footage of the Building: \_\_\_\_\_%

### Monthly Rental Installments Table

Lease Year	Annual Rate per sf	Monthly Rental Installments	Additional Rent:
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$

### Utilities (check any that apply):

☐ The following utilities are included in the Monthly Rental Installments: ☐ electric ☐ gas ☐ water/sewer

☐ Janitorial services [SELECT ONE] included in the Monthly Rental Installments.

☐ Tenant is solely responsible for payment of the following separately metered utilities: ☐ electric ☐ gas ☐ water/sewer

☐ Tenant shall pay a pro-rata share of the following utilities: ☐ electric ☐ gas ☐ water/sewer based on Tenant's Proportionate Share of the Rentable Square Footage of the Building

Improvements (check any that apply):      Leasehold Improvement Allowance: \$ \_\_\_\_\_

☐ A. First time Standard Build Out

☐ B. Existing Space (New Tenant or Renewal)

☐ C. Landlord to build out space pursuant to Exhibit C

☐ This Medical Office Space Lease is a sublease pursuant to that certain \_\_\_\_\_ dated effective \_\_\_\_\_ by and between \_\_\_\_\_, as landlord, and Landlord, as tenant. Notwithstanding any provision contained herein to the contrary, in the event that Landlord or Master Landlord elect not to renew or terminate the Master Lease, this sublease shall terminate conterminously with the expiration of the Master Lease. (If not checked, this paragraph is not applicable.)

Attached hereto and incorporated herein for all purposes are the following additional exhibits:

☒ Exhibit A -- Medical Office Space Lease Standard Terms and Conditions; ☒ Exhibit B -- Floor Plan; ☐ Exhibit C -- Leasehold Improvements Agreement

☐ Other - \_\_\_\_\_

TENANT: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

☐ Guarantors: By their execution hereof, each of the individuals listed below has agreed to guaranty the payment and performance of Tenant's obligations under this Lease pursuant to Section 42 of Exhibit A attached hereto. (Not applicable if unchecked.)

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

LANDLORD: \_\_\_\_\_

By: \_\_\_\_\_

Authorized Signatory

REVIEWED AND APPROVED:

By: \_\_\_\_\_

Real Estate, CHSPSC



## EXHIBIT A

### MEDICAL OFFICE SPACE LEASE STANDARD TERMS AND CONDITIONS

In consideration of the mutual covenants and representations set forth in the Medical Office Space Lease (herein so called) and this Exhibit A (collectively, this "Lease") and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties do hereby agree as follows. The capitalized terms used in this Exhibit A shall have the meaning assigned to such terms in the Medical Office Space Lease, unless another meaning is assigned to such terms in this Exhibit A.

1. **DEMISE.** Upon the terms and conditions hereinafter set forth, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Leased Premises for the Term of this Lease.

2. **RENT.** The Monthly Rental Installments for this Lease of the Leased Premises shall be due and payable in advance on the first day of each and every month during the Term hereof; provided, that in the event the Term of this Lease commences on a day other than the first (1<sup>st</sup>) day of a calendar month, then upon the Commencement Date, Tenant shall pay to Landlord a pro rata portion of the Monthly Rental Installment for that portion of the calendar month remaining from the Commencement Date to the first (1<sup>st</sup>) day of the next calendar month. During the Term of this Lease, the Monthly Rental Installments shall be increased at the commencement of each Lease Year (hereinafter defined) following the first (1<sup>st</sup>) Lease Year, by the percentage amount set forth in the Medical Office Space Lease and as more particularly set forth in the Monthly Rental Installments Table set forth in the Medical Office Space Lease. It is expressly understood and agreed that Landlord shall apply all payments from Tenant hereunder first to the amounts due by Tenant which have been outstanding for the longest period of time. Each twelve (12) month period commencing on the Commencement Date or any anniversary thereof is referred to herein as a "Lease Year"; provided, however, that if the Commencement Date is any day other than the first (1<sup>st</sup>) day of a month, then the Lease Years shall each be a twelve (12) month period commencing on the first (1<sup>st</sup>) day of the following month and each anniversary thereof, and the first (1<sup>st</sup>) Lease Year shall include the remainder of the month in which the Commencement Date occurs. Tenant agrees to pay all Monthly Rental Installments and sums provided to be paid by Tenant pursuant to this Lease at the times and in the manner herein provided, without any setoff, deduction or counterclaim whatsoever except as otherwise provided in this Lease. Time is of the essence in the performance of all of Tenant's obligations hereunder. If any Monthly Rental Installment or any other amounts owed by Tenant to Landlord hereunder is not paid within ten (10) days following the due date, Landlord may, in its sole discretion, impose on Tenant a late charge equal to One Hundred Fifty and No/100 Dollars (\$150.00) and may require the Tenant to pay rent through an Automatic Clearing House (ACH) system or other automatic payment system. Such late charge is to defray the administrative costs and inconvenience and other expenses which Landlord may incur on account of such delinquency and, if imposed by Landlord, shall become due and payable from Tenant to Landlord with the next Monthly Rental Installment.

3. **LANDLORD'S OBLIGATIONS.**

A. Utilities:

If utilities are included in the Monthly Rental Installments, then Landlord shall, at Landlord's expense, furnish utilities to the Leased Premises, including electrical, water and sewer, heat, ventilation, and air conditioning, however, Tenant shall be responsible for the payment of telephone and data services.

B. Maintenance

Landlord shall maintain, repair and replace all exterior walls and other features of the exterior including but not limited to the roof and all mechanical systems, including but not limited to air conditioning, heating, plumbing, wiring and piping.

C. Insurance

Landlord shall maintain fire and extended coverage insurance on the building in which the Leased Premises are located, in an amount not less than the full replacement cost of the Building.

D. Taxes

Landlord shall be responsible for payment of all real estate taxes assessed against the building or property, as well as all applicable local, state and federal income taxes which are or may be payable by Landlord.

E. Build Out By Landlord

If subpart C under "Improvements" on the Medical Office Space Lease has been checked, Landlord will be responsible for standard build out for office space pursuant to the Leasehold Improvements Agreement attached hereto as Exhibit C (attached hereto and incorporated herein by reference).

4. **TENANT'S OBLIGATIONS.** In addition to the Monthly Rental Installments to be paid, Tenant also agrees to pay directly during the term of this Lease, commencing on the Commencement Date, the following items of expense as the same become due and payable:

A. Taxes. All ad valorem or other property taxes, personal and intangible taxes payable in connection with the use, occupancy or conduct of business on any part of the Leased Premises, including but not limited to personal property, business, privilege, license, excise, sales, use and occupation taxes (but excluding local, state and

federal income taxes payable by Landlord). Tenant shall be responsible for all taxes which are assessed against their stock and inventory, tangible personal property or their business and/or business operations.

B. Maintenance and Modifications. The following charges for maintaining and operating the Leased Premises in good repair and operating condition:

- 1) Tenant shall, at its own cost and expense, keep the interior clean, maintaining suitable receptacles for trash and refuse, and removing from the interior all accumulations of trash and refuse.
- 2) Tenant shall service, keep and maintain the interior, including fixtures, doors, interior walls and appurtenances in good condition, repair and working order and shall repair any damaged caused by the actions of Tenant or Tenant's agents, employees and patients.
- 3) Tenant agrees to deliver to Landlord, upon the Expiration Date or upon earlier termination of this Lease in accordance with the provisions hereof, physical possession of the Leased Premises in good condition, reasonable wear and tear and damage by fire or other casualty excepted.
- 4) If utilities are not included in the Monthly Rental Installments, and if the Leased Premises is separately metered for certain utilities, such as electricity, gas, water, and sewer, Tenant shall be responsible for the payment of all such separately metered utilities provided to the Leased Premises.
- 5) If utilities are not included in the Monthly Rental Installments, and if utilities are not separately metered, Tenant shall be responsible for Tenant's Proportionate Share of Building utility expenses, which shall be based on Tenant's Proportionate Share of the Rentable Square Footage of the Building as set forth in the Medical Office Space Lease.
- 6) Tenant shall be responsible for all service costs and installations of all telephone or data services and Landlord shall have no responsibility or liability with respect thereto or the failure of operation of any such services.

5. IMPROVEMENTS. Tenant shall not make any structural changes, alterations, additions or improvements to the Leased Premises without the written consent of Landlord, which shall not be unreasonably withheld. Except as otherwise required pursuant to Section 3.E hereof, Landlord shall not be responsible for, either in the performance or payment, any improvements to the Leased Premises.

6. USE OF LEASED PREMISES.

- A. Tenant shall use the Leased Premises for the purpose of the licensed practice of medicine and the medical treatment of Tenant's patients and business purposes ancillary thereto and for no other purpose. Without limiting the foregoing, unless approved by Landlord in advance and in writing, Tenant shall not use the Leased Premises for the operation of a "commercial ancillary medical care facility" which shall include, without limitation, a clinical or pathological laboratory, pharmacy, ambulatory surgery center, birthing center, a diagnostic imaging facility (which shall include, without limitation, the following testing facilities: fluoroscopy, x-ray, plain film radiography, computerized tomography (CT), ultrasound, radiation therapy, mammography and breast diagnostics, nuclear medicine testing and magnetic resonance imaging), an acute care general hospital, a specialty hospital, a pain clinic, a rehabilitation center, an extended care facility or nursing home, an inpatient clinic, an emergency center, a home health service, a health maintenance organization or similar direct care provider, an ambulance service, a kidney dialysis center, a respiratory, physical, speech, or occupational therapy services and the provision of any medical or related service to or for any person that is in addition to the examination and diagnosis of patients performed directly by a licensed physician or by other health care professionals under the direct supervision of a licensed physician, or a facility operated for the provision of any such service. In no event shall the Leased Premises or any part thereof be used for the following activities without the prior written consent of Landlord, which consent may be granted or denied in its sole and absolute discretion: (i) any purpose that is in violation of any law, code, ordinance, zoning ordinance or condition or governmental rule or regulation, (ii) any purpose deemed by Landlord or its insurer to be extrahazardous on account of fire risk, (iii) any purpose that would reasonably cause a cancellation of any insurance policy covering the Building, or (iv) any operation which creates a nuisance. Tenant will conduct its business, and control its agents, employees, and invitees in such a manner as not to create any nuisance or interfere with, annoy or disturb other tenants or Landlord in the management of the Building.
- B. The use of certain diagnostic equipment (including x-ray, but specifically excluding magnetic resonance imaging, nuclear medicine testing and computerized tomography (CT)) and the performance of minor outpatient surgical procedures which do not require general anesthesia or intravenous sedation shall not be considered to violate the terms of this Section 6 so long as the use of such equipment and such surgical procedures are merely ancillary and incidental to the primary medical practice conducted by Tenant in the Leased Premises and do not constitute the primary medical practice or specialty of Tenant nor the predominant services rendered by Tenant to the Tenant's patients.

- C. All licensed physicians who conduct a medical practice and related activities (a "Practice") at the Leased Premises must be and remain members and associates in good standing of the medical staff of Landlord. Each Practice conducted within the Leased Premises shall at all times be conducted under the supervision and authority of a licensed physician meeting the qualifications set forth in this Section 6.C and, except with Landlord's prior written consent, which may be withheld in Landlord's sole and absolute discretion, no such licensed physician shall (i) allow any other person or entity other than another licensed Physician meeting the qualifications described in this Section 6.C to purchase, manage, or operate its Practice, or (ii) conduct the Practice while serving as an agent or employee of any person or entity other than another licensed physician meeting the qualifications described in this Section 6.C.

7. **ASSIGNMENT; SUBLETTING.** Tenant shall not, without the prior consent of Landlord, which consent may be withheld in Landlord's sole discretion, sublease, license or assign its interest under this Lease to any other person or entity. Assignment or subletting without the prior consent of Landlord, including assignment by operation of the law, shall constitute an event of default. In no event, whether with or without consent of Landlord, shall an assignment or lease relieve Tenant of liability under the terms, conditions and provisions of this Lease.

8. **INSURANCE.**

- A. Tenant shall keep and maintain at all times during the Term the following insurance coverage on the Leased Premises: (a) comprehensive general liability insurance coverage on the Leased Premises in the sum of One Million Dollars (\$1,000,000) for any single claim and Three Million Dollars (\$3,000,000) for annual aggregate claims for bodily injury and death resulting therefrom, (b) insurance coverage in the sum of One Hundred Thousand Dollars (\$100,000.00) per occurrence against liability for damage to property, arising out of the maintenance or use of the Leased Premises by the Tenant, and (c) casualty insurance insuring Tenant against loss or damage to its equipment and other personal property in the Leased Premises by fire and all other casualties usually covered under an "all risk" policy of casualty insurance. The policies described in this Section 8 shall name both Tenant and Landlord as additional insureds. Annually, Tenant shall furnish Landlord with a certificate of such coverage which shall provide that thirty (30) days' advance written notice be given to Landlord in the event of cancellation or material change in the insurance policy.

- B. Tenant shall not do or permit any act which will increase premiums for any casualty, fire, liability or other insurance maintained by Landlord on the Building or any other property therein or which shall render such insurance void or voidable.

9. **DAMAGE TO PROPERTY/INJURY TO PERSON.** Tenant shall and hereby does indemnify and hold Landlord harmless from and against any and all claims to the extent they arise from (i) Tenant's use of the Leased Premises or the conduct of its business, (ii) any activity, work or thing done, permitted or suffered by the Tenant in or about the Leased Premises, (iii) any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or (iv) any act of negligence of Tenant or his agents or employees.

10. **EARLY TERMINATION AS A RESULT OF THE DEATH OR DISABILITY OF A SOLE PRACTITIONER; OTHER VACATION OR ABANDONMENT.** If Tenant is a sole practitioner and dies or becomes disabled (defined for purposes of this Lease as any physical or mental condition that prevents or is reasonably expected to prevent such physician from practicing medicine for more than ninety (90) days), then either party shall have the right to terminate this Lease prior to the expiration date by giving the other party not less than thirty (30) days prior written notice. Except as expressly provided in the preceding sentence, any other vacation of the Leased Premises for more than thirty (30) days or any abandonment of the Leased Premises by Tenant will be considered a material default under this Lease.

11. **LAWS AND REGULATIONS; RULES OF THE BUILDING.** Tenant at its sole cost and expense will maintain the Leased Premises in a clean and healthful condition and will comply with all laws, ordinances, orders, rules and regulations of any governmental authority having jurisdiction over the use, condition or occupancy of the Leased Premises. Tenant, at Tenant's sole cost and expense, shall be responsible for medical, special and infectious waste removal for the Leased Premises in accordance with all applicable laws, regulations and orders. Tenant shall not permit the mixing or disposal of any hazardous substances, wastes or materials or any medical, special or infectious waste with the general office refuse and Landlord shall have no duty or obligation to remove any hazardous substances, wastes or materials or any medical, special or infectious waste from the Leased Premises. Without limiting the generality of the foregoing, Tenant shall comply strictly and in all respects with the requirements of all Hazardous Waste Laws (hereinafter defined) and shall indemnify Landlord and hold Landlord harmless from and against any liabilities, costs or expenses that may arise on account of the release, discharge, storage, disposal, treatment, processing or other handling or discovery of any Hazardous Substance (hereinafter defined) within the Leased Premises, or the discharge, release, disposal, storage, treatment, processing or other handling of any Hazardous Substance by Tenant, its employees, agents, contractors, or invitees anywhere on the Land or within the Building, or off site. As used herein, "Hazardous Substance" means any substance, material or matter that may give rise to liability under any Hazardous Waste Laws, including (but not limited to) medical waste and petroleum products or petroleum wastes. "Hazardous Waste Laws" shall mean any local, state or federal laws, rules, ordinances, regulations, and policy and guidance statements by any environmental agencies, either in existence as of the date hereof, or enacted, promulgated or issued after the date of this Lease, that concern the management, control, discharge, treatment, containment or removal of substances or materials that are or may become a threat to public health or the environment, including without limitation the Comprehensive

Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA).

12. **DEFAULT.** Tenant shall be in default of the terms of this Lease if (i) Tenant shall fail to make a payment of any rent or additional rent, and such rent or additional rent is not paid within ten (10) days following receipt of written notice by Landlord to Tenant of non-payment of same; provided, that Landlord shall not be obligated to send more than two (2) such notices during any twelve (12) month period, (ii) Tenant shall otherwise commit an act of default under the terms hereof, and shall not cure such default within thirty (30) days following receipt of written notice by Landlord to Tenant of such default, (iii) any petition shall be filed by or against Tenant pursuant to any section or chapter of the Bankruptcy Code of the United States, as amended (the "Bankruptcy Code") or under any similar law or statute of the United States or any state thereof, or Tenant shall be adjudged bankrupt or insolvent in proceedings filed under any section or chapter of the Bankruptcy Code or under any similar law or statute of the United States or any state thereof; (iv) Tenant shall become insolvent or make a transfer in fraud of creditors; (v) Tenant shall make a general assignment for the benefit of its creditors; (vi) a receiver or trustee shall be appointed for Tenant or any of the assets of Tenant, or (vii) the vacation of the Leased Premises for more than thirty (30) days or any abandonment of the Leased Premises by Tenant.

In the event of default:

- A. Landlord may continue this Lease in full force and effect and shall have the right to collect rent when due. During the term Tenant is in default, Landlord may re-enter the Leased Premises with legal process and relet same, or any part thereof, to third parties for Tenant's account. Tenant shall be liable for all reasonable costs Landlord incurred for reletting the Leased Premises, including without limitation broker's commissions, expenses associated with repairing and / or remodeling the Leased Premises in order to return the Leased Premises to the same condition as when received by Tenant from Landlord and similar costs. Reletting can be done for a period shorter or longer than the remaining term of this Lease. Tenant shall pay to Landlord the rent due under this Lease on the date such rent is due, less the rent Landlord receives from any reletting. Landlord shall use commercially reasonable efforts to relet the Leased Premises at a reasonable price. Under this paragraph, Tenant's obligations shall not exceed the total rent due for the remainder of the Term.
- B. Landlord may terminate this Lease pursuant to the terms of this Section 12. Upon termination, Landlord shall have the right to collect an amount equal to all expenses, if any, including reasonable attorneys' fees, incurred by Landlord in recovering possession of the Leased Premises and all reasonable costs and charges for the care of the Leased Premises while vacated by Tenant.
- C. Landlord may enter upon the Premises and change, alter, or modify the door locks on all entry doors of the Premises, and permanently or temporarily exclude Tenant, and its agents, employees, representatives and invitees, from the Premises, but only to the extent permitted by, and subject to the requirements of, applicable state statutory law in effect at the time of the event of default.
- D. Should any of these remedies or any portion thereof not be permitted by the laws of the state where the Building is located, then such remedy or portion thereof shall be considered deleted and unenforceable, and the remaining remedies or portions thereof shall be and remain in full force and effect, and Landlord may avail itself of these as well as any other remedies or damages allowed by law.

Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or equity. Any entry by Landlord upon the Premises may be by use of a master or duplicate key or electronic pass card or any locksmith's entry procedure or other peaceable means. No entry or taking possession of the Leased Premises by Landlord shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention is given to Tenant. In the event it is necessary for Landlord to institute suit against Tenant in order to collect the rental or any other sum due hereunder or any deficiency between the rental and any other sum provided for by this Lease for a calendar month and the rental and any other sum actually collected by Landlord for such calendar month, Landlord shall have the right to allow such deficiency to accumulate and to bring an action upon several or all of such rental deficiencies at one time. Any suit shall not prejudice in any way the right of Landlord to bring a similar action for any subsequent rental deficiency or deficiencies. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants contained herein shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants of this Lease. Forbearance by Landlord to enforce one or more of the remedies provided herein upon the occurrence of an event of default shall not be deemed or construed to constitute a waiver of any other violation or event of default.

13. **RIGHT OF ACCESS.** Landlord and its agents shall have reasonable access to the Leased Premises during all reasonable business hours for the purpose of examining same to ascertain if they are in good repair and to make reasonable repairs which Landlord may be required to make hereunder.

14. **END OF TERM.** At the termination of this Lease, Tenant shall surrender its interest in the Leased Premises to Landlord in as good condition and repair as reasonable use thereof will permit, ordinary wear and tear excepted, and will leave the Leased Premises broom clean. Tenant shall have the right, prior to said termination, to remove any equipment, furniture, trade fixtures or other personal property in the Leased Premises owned by Tenant, provided that Tenant promptly repairs any damage to the Leased Premises caused by such removal. In the event of holding over by Tenant after the expiration or



termination of the Term of this Lease, Tenant shall pay rent at the then-current rate for Monthly Rental Installments escalated by the percentage Rent Increase as set forth in the Medical Office Space Lease, on a monthly basis and the Term of this Lease shall be automatically extended for successive periods of one (1) year each; provided that during any automatically extended period following the expiration of the Term of this Lease, Landlord and Tenant shall each have the right to terminate this Lease by delivering written notice to the other at least ninety (90) days prior to the desired expiration date.

15. **ATTORNEYS' FEES.** In the event that suit is brought by either party against the other for breach or default under the terms of this Lease, the prevailing party shall be entitled to reasonable attorneys' fees, expenses (including expert witness fees) and court costs equal to the sum established by the court.

16. **HEADINGS.** The article captions contained in this Lease are for the convenience of the parties only and shall not be considered in the construction or interpretation of any provision hereof.

17. **ENTIRE AGREEMENT.** The Lease contains the entire agreement between the parties and supersedes any and all other prior oral and written agreements between the parties regarding the subject matter contained herein and may not be changed or terminated orally but only by agreement in writing and signed by all parties.

18. **DAMAGE OR DESTRUCTION.** If the Leased Premises are damaged by fire or other casualty, the damage shall be repaired by and at the expense of Landlord (excluding any equipment which is owned by Tenant), provided that such repairs can, in Landlord's opinion, be made within sixty (60) days after the occurrence of such damage. Landlord shall notify Tenant within fifteen (15) days of the event of casualty of its determination. Until such repairs are completed, the rent shall be abated in proportion to the part of the Leased Premises rendered unusable, but there shall be no abatement of rent for a period equal to one (1) day or less. If such repairs cannot, in Landlord's opinion, be made within sixty (60) days and Landlord nonetheless chooses to repair, then Tenant may, at its option, continue as Tenant under this Lease until such repairs are completed, during which time all rent shall abate, or Tenant may terminate this Lease. A total destruction of the Building in which the Leased Premises are located shall automatically terminate this Lease. Total destruction of the Building shall be defined as damage greater than fifty percent (50%) of the then replacement value thereof.

19. **EMINENT DOMAIN.** If the whole of the Leased Premises or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain, this Lease shall automatically terminate as of the effective date of the taking. In the event of a partial taking which does not result in a termination of this Lease, the rent reserved hereunder shall remain unaffected. Landlord may, without any obligation or liability to Tenant, stipulate with any condemning authority for a judgment of condemnation without the necessity of a formal suit or judgment of condemnation, and the date of taking under this clause shall then be deemed the date agreed to under the terms of said agreement for stipulation and this Lease shall terminate as of the stipulated date.

20. **WAIVER.** No waiver by either party shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved.

21. **NOTICES.** Any notice required or permitted to be given hereunder may be given by mail and shall be sufficiently given if personally served or sent by certified mail or by special or overnight courier, addressed to the relevant party at the addresses specified in this Lease (notice to Tenant shall be given at the Leased Premises). For any notice given to Landlord, a copy shall be provided to the Landlord's counsel as follows: General Counsel, Legal Department, 4000 Meridian Blvd., Franklin, TN 37067.

22. **BINDING EFFECT.** The Lease shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors and administrators. Nothing in this article shall be deemed to amend the provisions herein concerning assignment and subletting.

23. **APPLICABLE LAW.** The laws of the state where the Building is located shall be employed in and govern the interpretation of all of the covenants, terms and conditions of this Lease.

24. **NO PARTNERSHIP RELATIONSHIP.** Notwithstanding any agreement herein contained, Landlord shall not be construed or held to be a partner or associate of Tenant in the conduct of its business, it being expressly understood and agreed that the relationship between the parties is and at all times shall remain that of Landlord and Tenant.

25. **NO REQUIREMENT TO REFER.** The parties expressly agree that nothing contained in this Lease shall require Tenant or any physician or other referral source to refer or admit any patients to, or order any goods or services from Landlord or any affiliate. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly or intentionally conduct himself in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs (42 USC Section 1320a-7b). Both parties represent to the other that the Annual Rental Rate provided for in this Lease are at fair market value rates and do not take into account the value or volume of any referrals or other business generated between the parties. Both as a material condition to this Lease and as a continuing representation and warranty for the duration of this Lease, Tenant represents and warrants that neither it nor any of its owners, officers, directors, employees, agents, subcontractors etc have been suspended, excluded, or debarred from any government payor program.

26. **QUIET ENJOYMENT.** Landlord warrants and shall defend Tenant in the quiet enjoyment and possession of the Leased Premises during the term and any extension or renewal thereof.

27. **SUBORDINATION, ATTORNMEN AND NON-DISTURBANCE.**

- A. Tenant agrees that this Lease and all rights of Tenant hereunder are and shall be subject and subordinate to any ground or underlying lease which may now or hereafter be in effect regarding the Building or any component thereof, to any mortgage now or hereafter encumbering the Leased Premises or the Building or any component thereof, to all advances made or hereafter to be made upon the security of such mortgage, to all amendments, modifications, renewals, consolidations, extensions and restatements of such mortgage, and to any replacements and substitutions for such mortgage. The terms of this provision shall be self-operative and no further instrument of subordination shall be required. Tenant, however, upon request of any party in interest, shall execute promptly such instrument or certificates as may be reasonably required to carry out the intent of this provision.
- B. In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, or in the event of a deed in lieu of foreclosure with respect to any mortgage covering the Leased Premises or the Building, or in the event of termination of any Lease under which Landlord may hold title, Tenant shall, at the option of transferee, attorn to such transferee and shall recognize and be bound and obligated hereunder to such person as the Landlord under this Lease. Tenant agrees to execute any attornment agreement not in conflict with this provision.
- C. Notwithstanding anything contained herein to the contrary, so long as Tenant is not in default in the payment of Rentals or other charges, or in the performance of any of the other terms, covenants or conditions of this Lease, mortgagee or such person shall not disturb Tenant in its occupancy of the Leased Premises during the original or any renewal term of this Lease notwithstanding any event or proceedings described in this section.

28. **ESTOPPEL CERTIFICATE.** Within thirty (30) days after written request from Landlord, Tenant shall deliver an executed statement addressed to Landlord certifying (if such be the case) that this Lease is in full force and effect, that Tenant has commenced the payment of rent, and that there are no defenses or offsets to this Lease claimed by Tenant, as well as any other information reasonably requested. If Tenant fails or refuses to give a certificate hereunder within the required time frame, then the information on such certificate as submitted by Landlord shall be deemed correct for all purposes and Landlord shall have the right to treat such failure or refusal as a default by Tenant.

29. **FORCE MAJEURE.** With the exception of the obligation of Tenant to pay Rent and all other amounts that may be due from time to time under this Lease, if either party shall be delayed or hindered in or prevented from doing or performing any act or thing required hereunder by reason of any matters beyond the reasonable control of such party, then such party shall not be liable or responsible for any such delays and the doing or performing of such act or thing shall be extended for a period equivalent to the period of such delay. In such event, this Lease and the obligations of both parties to perform and comply with all of the other terms and provisions of this Lease shall in no way be affected, impaired, or excused.

30. **WAIVER OF JURY TRIAL**

LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION, ACTION, PROCEEDING OR COUNTERCLAIM BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR THE OBLIGATIONS EVIDENCED HEREBY, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OF OR OCCUPANCY OF THE PREMISES, ANY CLAIM OF INJURY OR DAMAGE, OR ANY EMERGENCY OR OTHER STATUTORY REMEDY OR ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF LANDLORD AND TENANT IN ENTERING INTO THIS LEASE.

31. **SUBLEASE.** In the event this Lease is a sublease to an underlying lease agreement, as described in this Lease, then with respect to the Leased Premises, except for the Term of this Lease and the Rental Rate/Installment, Tenant shall perform all of the obligations of tenant/lessee under such underlying lease agreement.

32. **LIMITATION OF LANDLORD LIABILITY.** The liability of Landlord to Tenant for any default by Landlord under the terms of this Lease shall be limited to the interest of Landlord in the Building and the Land, and Landlord shall not be personally liable for any deficiency. Notwithstanding anything to the contrary contained in this Lease, in the event Landlord sells, assigns, transfers or conveys its interest in the Land, Landlord shall have no liability for any acts or omissions that occur after the date of said sale, assignment, transfer or conveyance, provided that any such grantee, assignee or transferee assumes all of Landlord's obligations under this Lease.

33. **BROKERAGE.** Tenant represents and warrants to Landlord that it has not had any dealings with any broker or agent in connection with the negotiation or execution of this Lease; and Tenant agrees to indemnify Landlord and hold Landlord

harmless from and against any and all costs, expenses or liability for commissions or other compensation or charges claimed by any other broker or agent, through commitments of Tenant with respect to this Lease. In the event Landlord elects to engage a broker or agent in connection with the negotiation or execution of this Lease, Landlord shall be solely responsible to pay any commissions or fees due and payable to such broker or agent.

34. **NO THIRD PARTY BENEFICIARY.** This Lease is for the sole benefit of Landlord, its successors and assigns, and Tenant, its permitted successors and assigns, and it is not for the benefit of any third party.

35. **SEVERABILITY.** If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision that is illegal, invalid or unenforceable, there be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and still be legal, valid and enforceable.

36. **SECURITY DEPOSIT.** Tenant shall deposit with Landlord a Security Deposit in the total amount set forth on the Medical Office Space Lease to be paid on the date Tenant executes this Lease. The Security Deposit shall be held by Landlord without liability for interest and with the understanding that: (i) the Security Deposit or any portion thereof may be applied to the curing of any default, without prejudice to any other remedy or remedies which Landlord may have on account thereof, and upon such application, Tenant shall pay Landlord on demand the amount so applied which, when paid, shall be added to the Security Deposit so the same will be restored to its original amount; (ii) Landlord shall not be obligated to hold the Security Deposit as a separate fund, but may commingle it with other funds; and (iii) if Tenant is not in default, the remaining balance of the Security Deposit shall be returned to Tenant, without interest, within thirty (30) days after the expiration of the Term or other termination of this Lease; provided, however, Landlord shall have the right to retain and expend such remaining balance for cleaning and repairing the Premises if Tenant shall fail to deliver the Premises at the termination of this Lease in a neat and clean condition and in as good a condition as existed at the date of possession of same by Tenant, except for ordinary wear and tear. Landlord shall have the right to use the Security Deposit to offset any Rent Increase which is either not collected by Landlord or not paid by Tenant pursuant to the terms of this Lease.

37. **MECHANICS' LIENS.** Nothing contained in this Lease shall authorize Tenant to do any act which shall in any way encumber the title of Landlord in and to the Leased Premises or the Building or any part thereof; and if any mechanic's or materialman's lien is filed or claimed against the Leased Premises or Building or any part thereof in connection with any work performed, materials furnished or obligation incurred by or at the request of Tenant, Tenant will promptly either (x) pay same and cause it to be released of record or (y) contest same in good faith and, if it has not been removed within thirty (30) days, bond around it. If the lien is not released of record (or bonded around) and default in payment thereof shall continue for thirty (30) days after written notice thereof from Landlord to Tenant, Landlord shall have the right and privilege at Landlord's option of paying the same or any portion thereof without inquiry as to the validity thereof, and any amounts so paid, including expenses and interest, shall be repaid to Landlord immediately by Tenant on demand therefor.

38. **ABANDONED PROPERTY.** All personal property of Tenant remaining in the Leased Premises after the expiration or earlier termination of the Term may be treated by Landlord as having been abandoned by Tenant, and Landlord shall have the right to remove such personal property from the Leased Premises without any obligation to deliver such personal property to Tenant and without any liability to Tenant whatsoever, it being agreed that Tenant shall have no right to reclaim such property. Provided, however, that in no event whatsoever shall Landlord have any access or rights to the confidential and proprietary information of Tenant, specifically including, without limitation, patient medical charts, records or other information. Landlord shall have no duty to notify Tenant that Landlord may dispose of Tenant's property.

39. **TRANSFER OF LANDLORD'S RIGHTS.** In the event Landlord transfers its interest in the Building, Landlord shall thereby be released from any further obligations hereunder, and Tenant agrees to look solely to the successor in interest of the Landlord for the performance of such obligations, provided however, that any assignee or transferee of Landlord shall assume by written agreement all of Landlord's obligation under this Lease.

40. **REMEASUREMENT.** Tenant or Landlord, at such party's own cost and expense, shall have the right to re-measure the Leased Premises and the Building from time to time (but not more than once per year) substantially in accordance with the BOMA Standard (as defined below) to reflect actual physical increases or decreases due to physical expansions or contractions in the rentable area of the Building. "BOMA Standard" shall mean the Building Owners and Managers Association International Standard Method for Measuring Floor Area in Office Building, ANSI Z65.1-1996; provided, however, that notwithstanding the foregoing to the contrary, the BOMA Standard shall not include any area below the ground floor of the Building in which the Premises is located, any areas outside the perimeter walls of such Building, any elevator shafts, or any stairwells. In the event such re-measurement reveals a different square footage for the Premises or the Building than as set forth in this Lease, the parties shall execute an amendment which revises the rentable square footage of the Leased Premises and the Tenant's Proportionate Share and the Tenant's payment of Rent shall be adjusted accordingly. In the event that the Tenant refuses to execute such amendment, then Landlord shall have the right to terminate this Lease upon thirty (30) days written notice to Tenant.

41. **RULES AND REGULATIONS.** Tenant shall faithfully observe and comply strictly with the following rules and regulations, adopted for the safety, care and cleanliness of the Building or the preservation of good order therein. Landlord shall not be liable to Tenant for a violation of such rules and regulations, or for the breach of any covenant or condition in a

lease by any other tenant in the Building. Landlord may, from time to time and upon notice to Tenant, adopt additional or substitute rules and regulations of the Building.

- A. Conduct. Tenant shall not conduct its practice or business, or advertise such business, profession or activities of Tenant conducted in the Premises in any manner which violates local, state or federal laws or regulations.
- B. Hallways and Stairways. Tenant shall not obstruct or use for storage, or for any purpose other than ingress and egress, the sidewalks, entrance, passages, courts, corridors, vestibules, halls, elevators and stairways of the Building.
- C. Nuisances. Tenant shall not make or permit any noise, odor or act that is objectionable to other occupants of the Building to emanate from the Premises, and shall not create or maintain a nuisance thereon.
- D. Musical Instruments, Etc. Tenant shall not install or operate any phonograph, musical instrument, radio receiver or similar device in the Building in such manner as to disturb or annoy other tenants of the Building or the neighborhood. Tenant shall not install any antennae, aerial wires or other equipment outside the Building without the prior written approval of Landlord.
- E. Locks. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof. Tenant must upon the termination of its tenancy restore to Landlord all keys to the Premises and toilet rooms either furnished to or otherwise produced by Tenant, and in the event of loss of any keys so furnished, Tenant shall pay to Lessor the cost thereof.
- F. Obstructing Light, Damage. The doors, window glass, lights and skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. The toilets and urinals shall not be used for any purpose other than those for which they were intended and constructed, and no rubbish, newspapers or other substance of any kind shall be thrown into them. Waste and excessive or unusual use of water shall not be allowed. Tenant shall not mark, drive nails, screw or drill into, paint, nor in any way deface the walls, ceilings, partitions, floors, wood, stone or iron work. The expense of any breakage, stoppage or damage resulting from a violation of this rule by Tenant shall be borne by Tenant. Tenant shall be permitted to hang pictures on office walls, but it must be done in a workmanlike manner and in such a way as not to damage or deface such walls.
- G. Wiring. Electrical wiring of every kind shall be introduced and connected only as directed by Landlord, and no boring nor cutting of wires will be allowed except with the consent of Landlord. The location of the telephone, call boxes, etc., shall be subject to the approval of Landlord.
- H. Equipment, Moving, Furniture, Etc. Landlord shall approve the weight, size and position of all fixtures, equipment and other property brought into the Building, and the times of moving which must be done under the supervision of Landlord. Landlord will not be responsible for any loss of or damage to any such equipment or property from any cause, and all damage done in the Building by moving or maintaining any such property shall be repaired at the expense of Tenant. All equipment shall be installed as required by law.
- I. Requirements of Tenant. The requirements of Tenant will be attended to only upon application at the office of Landlord. Employees shall not perform any work nor do anything outside their regular duties unless under special instructions from Landlord. No employees shall admit any person, Tenant or otherwise, to any other office without instruction from the office of Landlord. All janitorial services personnel, guards or any outside contractors employed by Tenant shall be subject to the regulations and control of Landlord, but shall not act as an agent or servant of Landlord.
- J. Medical and Hazardous Wastes. Tenant shall comply with all policies established from time to time by Landlord regarding the storage and disposal of hazardous substances, wastes and materials, and medical, special or infectious wastes.
- K. Access to Building. Any person entering or leaving the Building may be questioned by Building security regarding his/her business in the Building and may be required to sign in and out. Anyone who fails to provide a satisfactory reason for being in the Building may be excluded.
- L. Vehicles, Animals, Refuse. Tenant shall not allow anything to be placed on the outside window ledges of the Premises or to be thrown out of the windows of the Building. No bicycle or other vehicle, and no animal, except for service animal, shall be brought into the offices, halls, corridors, elevators or any other parts of the Building by Tenant or the agents, employees or invitees of Tenant, and Tenant shall not place or permit to be placed any obstruction or refuse in any public part of the Building.
- M. Equipment Defects. Tenant shall give Landlord prompt notice of any accidents to or defects in the water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.



- N. Parking. Unless otherwise specified by Landlord, Tenant and its employees may park automobiles only in spaces designated by Landlord for such purpose and shall in no event park in spaces reserved for public parking. Tenant agrees that Landlord assumes no responsibility of any kind whatsoever in reference to such automobile parking area or the use thereof by Tenant or its agents or employees.
- O. Conservation and Security. Tenant will see that all windows and doors are securely locked, and that all faucets and electric light switches are turned off before leaving the Building.
- P. Signage. Tenant shall not place any sign upon the Leased Premises or the Building without Landlord's prior written consent.
- Q. Smoking. The use of all tobacco products, including without limitation, cigarettes, cigars, pipe tobacco, and smokeless tobacco of any kind, is prohibited in all portions of the Building.

42. **GUARANTY.** The Guarantor(s) identified in the Medical Office Space Lease hereby jointly and severally covenant and agree to and with Landlord that if default shall at any time be made by Tenant in the payment or performance of any obligations set forth herein, when due, Guarantor(s) will forthwith pay or perform such obligation on behalf of Tenant to or for the benefit of Landlord. The guaranty provisions of this Section 42 constitute an absolute, unconditional and irrevocable guaranty of payment (and not of collection) and performance and are a surety agreement. Guarantor(s)' liability hereunder is primary and direct and may be enforced without Landlord being required to resort to any other right, remedy or security and the terms of this Section 42 shall be enforceable against Guarantor(s) jointly and severally, without the necessity for any suit or proceedings on Landlord's part of any kind or nature whatsoever against Tenant or any other guarantor, and without the necessity of any notice of non-payment, non-performance or non-observance or the continuance of any such default or of any notice of acceptance, protest, dishonor or presentment of the terms hereof or of Landlord's intention to act in reliance hereon or of any other notice or demand to which Guarantor(s) might otherwise be entitled, all of which Guarantor(s) hereby expressly waive. The terms of this Section 42 shall be a continuing guaranty, and (whether or not Guarantor(s) shall have notice or knowledge of any of the following) the liability and obligation of Guarantor(s) hereunder shall not be released, discharged or in any way impaired by (a) any amendment or modification of, or supplement to, or extension or renewal of, this Lease; (b) any exercise or non-exercise of any right or remedy under this Lease; (c) any bankruptcy, insolvency, reorganization, liquidation or similar proceeding relating to Tenant (including without limitation any rejection or disaffirmance of this Lease in any such proceedings); (d) any limitation on the liability or obligation of Tenant under this Lease or its estate in bankruptcy or of any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the federal bankruptcy law or any other statute or from the decision of any court; (e) any transfer by Tenant or any assignment, mortgage or pledge of its interest under this Lease; (f) any agreement entered into between Landlord and an assignee of Tenant or any agreement entered into between Landlord and the holder of any leasehold mortgage (or between Landlord and the nominee of any such holder of a leasehold mortgage); or (g) any other thing which might otherwise operate to exonerate, discharge, or reduce the liability of Guarantor(s) for the payment of any sums or the performance of any other obligations becoming due from the Tenant under this Lease.

43. **FINAL LEASE VERSION.** The Lease is collectively comprised of the Medical Office Space Lease to which this Exhibit A is attached, and all Exhibits attached hereto. Notwithstanding any provision contained herein to the contrary, no handwritten or interlineated changes to this Lease will override the printed text of this Lease unless those changes are included in the final fully executed counterpart of this Lease which is scanned and electronically stored in Landlord's corporate database.

44. **APPROVALS.** Neither this Lease nor any amendment or modification hereto shall be effective or legally binding upon Landlord, or any officer, director, employee or agent thereof, unless and until it has been reviewed and approved electronically (or in writing) by a Division President and the Real Estate Department of Community Health Systems Professional Services Corporation, Landlord's Management Company.

**EXHIBIT B**  
**FLOOR PLAN**

[ATTACHED ON THE FOLLOWING PAGE]

## ADDENDUM TO

This Addendum to \_\_\_\_\_, the "Lease", is dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between (Landlord), and \_\_\_\_\_ (Tenant).

### WITNESSETH:

WHEREAS, the parties hereto are entering into the Lease pursuant to the terms and conditions of which Landlord agreed to lease to Tenant approximately \_\_\_\_\_ square feet of rentable space in that certain office building located at \_\_\_\_\_, suite \_\_\_\_\_.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and total sufficiency of which are hereby acknowledged, Landlord and Tenant agree to modify the Lease as follows:

#### Additional Rent – Tenant's Proportionate Share of Operating Expense Costs

In addition to the Base Rent, Tenant shall pay Landlord "Additional Rent", which term shall be defined to include any other sums owed by Tenant pursuant to the terms of this lease or otherwise arising in connection with Tenant's occupancy of the Premises; and "Tenant's Proportionate Share" of Operating Costs" as hereinafter defined.

For purposes of this Lease, Base Rent and Additional Rent shall hereinafter be collectively referred to as "Rent".

1. Operating Costs Defined. Operating Costs shall mean any amounts paid or payable, whether by Landlord or by others on behalf of Landlord, arising out of the ownership, management, maintenance, operation, repair, replacement and administration of the Building and the land upon which the Building is located and any parking areas and facilities associated with the Building, including, but without limitation: (a) the cost of all real estate, personal property and other ad valorem taxes, and any other levies, charges, impact fees and local improvement rates and assessments whatsoever assessed or charged against the Building, the land upon which the Building is located, the equipment and improvements contained therein or thereon, or on or in any part thereof, by any lawful taxing authority (collectively, "Taxes"), including all costs associated with the appeal of any assessment on Taxes; (b) the cost of insurance obtained by Landlord, including, but not limited to, casualty insurance, liability insurance, rent interruption insurance, and any deductible amount applicable to any claim made by Landlord under any such insurance; (c) the cost of security, landscaping, window cleaning, garbage removal and trash removal services; (d) the cost of heating, ventilating and air conditioning to the extent incurred with respect to common areas or with respect to any shared systems; (e) the cost of all gas, water, sewer, electricity, telephone and any other utilities used in the maintenance, operation or administration of the Building or any common areas; (f) salaries, wages and other amounts paid or payable for all personnel involved in the management, repair, maintenance, operation, leasing, security, supervision or cleaning of the Building or any common areas, including fringe benefits, unemployment and workman's compensation insurance premiums, pension plan contributions and other employment costs, as well as the cost of engaging independent contractors to perform any of the foregoing services; (g) auditing accounting and legal fees and costs; (h) the cost of repairing, replacing, operating and maintaining the Building and any common areas, and the equipment serving the Building and such common areas; (i) the cost of the rental of any equipment and signs (not including Tenant's signage); (j) all management and administrative fees; (k) administration costs and fees; (l) capital expenditures which are required by law and/or which result in a substantial labor or cost saving device or operation, in which case the capital expenditures shall be amortized over ten (10) years and be included on an annual basis in the Operating Costs; (m) costs incurred by Landlord to conduct any environmental tests required by state or federal law, including administrative agencies, or by Landlord; (n) without duplication of any of the foregoing, if the Building is subject to the condominium form of ownership, all condominium assessments, fees and charges levied against or attributable to the Premises; and (o) all other expenses, costs and disbursements of every kind and nature which Landlord shall pay or become obligated to pay in respect to or in connection with the operation and maintenance of the Building and which are usually considered "operating expenses" in accordance with generally accepted accounting practices, consistently applied.

2. Payment of Operating Costs. Landlord's good faith estimate of Operating Costs for the first year of the term of this Lease is \$ \_\_\_\_\_ per rentable square foot. Tenant shall be responsible for and shall pay Tenant's Proportionate Share of Operating Costs for all periods during the term of this Lease, regardless of whether its Proportionate Share of Operating Expenses is more or less than the estimate for the first year or the estimate for any other year of the term of this Lease. The amount of Operating Costs payable to Landlord may be estimated or re-estimated by Landlord for such period as Landlord determines from time to time (not to exceed 24 months), and Tenant agrees to pay to Landlord the amounts so estimated or re-estimated in equal installments, in advance, on the first day of each month during such period. Notwithstanding the foregoing, when the amounts of Operating Costs so estimated are actually received by Landlord, Landlord may bill Tenant for Tenant's Proportionate Share thereof, less any amount previously paid by Tenant to Landlord on account of such item(s) by way of estimated Operating Costs payments. Within a reasonable period of time after the end of the period for which estimated payments have been made, Landlord shall submit to Tenant a statement setting forth the actual amounts payable by Tenant based on actual costs. If the amount Tenant has paid based on estimates is less than the amount due based on actual costs, Tenant shall pay Landlord such deficiency within 30 days of after submission of such statement to Tenant. If the amount paid by Tenant is greater than the amount actually due, the excess may be retained by Landlord to be credited

and applied by Landlord to the next due installment(s) of Tenant's Proportionate Share of Operating Costs, or as to the final Lease Year, provided Tenant is not in default, Landlord will refund such excess to Tenant or credit such amount to Tenant's next rent payment coming due at Landlord's option. Tenant's Proportionate Share of actual Operating Costs for the final estimate period of the term of this Lease shall be due and payable even though the actual amount may not be finally calculated until after the expiration of the term. Accordingly, Landlord shall have the right to continue to hold Tenant's Security Deposit, if any, following expiration of the term until Tenant's share of actual Operating Costs has been paid, unless an alternative security (letter of credit or otherwise) is furnished to the satisfaction of Landlord. In the absence of any notification from Landlord of the estimated Operating Costs, the estimated amount per rentable square foot of Tenant's Proportionate Share of Operating Costs shall be the amount set forth on the Lease hereof or the last estimated amount determined by Landlord.

3. Proportionate Share. "Tenant's Proportionate Share" of Operating Costs shall be the rentable area of the Premises divided by the rentable area of the Building on the last day of the calendar year for which Operating Costs are being determined, excluding any parking facilities. Except as provided expressly to the contrary herein, the "rentable area of the Building" shall include all rentable area of all space leased or available for lease, at the Building, which Landlord may reasonably re-determine from time to time, to reflect any remeasurement in accordance with the "BOMA Standard" (as hereinafter defined) or any reconfigurations, additions or modifications to the Building. If the Building or any development of which it is a part, shall contain non-office uses, Landlord shall have the right to determine in accordance with sound accounting and management principles, Tenant's Proportionate Share of Operating Costs for only the office portion of the Building or of such development, in which event, Tenant's Proportionate Share shall be based on the ratio of the rentable area of the Premises to the rentable area of such office portion.

Similarly, if the Building shall contain tenants who do not participate in all or certain categories of Operating Costs on a pro rata basis, Landlord may exclude the amount of Operating Costs, or such categories of the same, as the case may be, attributable to such tenants, and exclude the rentable area of their premises, in computing Tenant's Proportionate Share. If the Building shall be part of or shall include a complex, development or group of buildings or structures collectively owned or managed by Landlord or its affiliates or collectively managed by Landlord's managing agent, Landlord may allocate Operating Costs, within such complex, development or group, and between such buildings and structures and the parcels on which they are located, in accordance with sound accounting and management principles. In the alternative, Landlord shall have the right to determine, in accordance sound accounting and management principles, Tenant's Proportionate Share of Operating Costs based upon the totals of each of the same for all such buildings and structures, the land constituting parcels on which the same are located, and all related facilities, including common areas and easements, corridors, lobbies, sidewalks, elevators, loading areas, parking facilities and driveways and other appurtenances and public areas. In which event Tenant's Proportionate Share shall be based on the ratio of the rentable area of all such buildings. For purposes of determining Tenant's Proportionate Share of Operating Costs and subject to Landlord's right to re-determine the rentable area of the Building from time to time pursuant to this Section, Landlord has calculated the rentable area in the Premises and the Building in accordance with the definition of "rentable area" in the BOMA Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-1996 (the "BOMA Standard").

The rentable area in the Premises as set forth in this Lease is hereby stipulated to be rentable area of the Premises for all purposes under this Lease, whether the same should be more or less as a result of minor variations resulting from actual construction and completion of the Premises and for actual occupancy; provided, however, in the event Landlord remeasures the Premises in accordance with commercially reasonable procedures in conformity with the BOMA Standard and if the rentable area of the Premises is different than above stated, Landlord may give Tenant written notice of the change and the new number of square feet shall become the rentable area of the Premises for all purposes effective as of the date of such notice.

Continuing Effect: Other than the addition of this Addendum, the Lease, dated \_\_\_\_\_, by and between the parties hereto, shall remain valid, binding and in effect in its entirety with no other changes to terms or conditions of the lease.

IN WITNESS WHEREOF, the parties have executed this Addendum to be effective as of the Effective Date of the Lease to which this Addendum is attached.

TENANT:

By: \_\_\_\_\_  
Authorized Signatory Date

Name: \_\_\_\_\_

LANDLORD:

By: \_\_\_\_\_  
Authorized Signatory Date

Name: \_\_\_\_\_

**REVIEWED AND APPROVED:**

By: \_\_\_\_\_  
Real Estate, CHSPSC



BK/PG: 1020/204-209

03212838

This instrument prepared by:  
Anne H. Duncan, Esq.  
McDermott, Will & Emery  
18191 Von Karman Avenue, Suite 400  
Irvine, CA 92612

5 PGS : AL - QUITCLAIM DEED	
JUNKL BATCH: 22115	
11/10/2003 -- 03:40 PM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	30.00
OF FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	32.00

STATE OF TENNESSEE, WILSON COUNTY

JOHN B SPICKARD  
REGISTER OF DEEDS

RETURN TO:

Elizabeth Stehler  
Harter, Secrest & Emery LLP  
1600 Bausch & Lomb Place  
Rochester, NY 14604

MAIL TAX STATEMENTS TO:

Lebanon HMA, Inc.  
1411 W. Baddour Parkway  
Lebanon, TN 37087-5213

Parcel Identification Number(s):

57 - 84, 84.01, 85, 86.01, 89 and 90  
67E - A - 3, 4, 5, 6 and 4.01  
68E - E - 24

(SPACE ABOVE THIS LINE IS FOR RECORDER'S USE)

**THIS QUIT CLAIM DEED**, made as of October 30, 2003 to be effective on 12:01 a.m. November 1, 2003, by NATIONAL MEDICAL HOSPITAL OF WILSON COUNTY, INC., a Delaware corporation (the "Grantor"), whose post office address is 3820 State Street, Santa Barbara, California 93105, to LEBANON HMA, INC., a Tennessee corporation (the "Grantee"), whose post office address is: 5811 Pelican Bay Blvd., Suite 500, Naples, FL 34108.

(Wherever used herein the terms "Grantor" and "Grantee" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals and assigns of corporations.)

**WITNESSETH:** That the Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, hereby quit claims and releases unto the Grantee all of the Grantor's interest in and to that certain land, together with all improvements situated thereon, in WILSON County, State of TENNESSEE, viz:

**SEE EXHIBIT "A" ATTACHED HERETO**

[TENNESSEE - University #1]

ORC 323898-2,040201.0892

TOGETHER, with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

The actual consideration ~~or value whichever greater~~, for this transaction is \$ 0.  
Subscribed and sworn to before me this 31 day of October, 2003.  
He presented TX AIL 17265672 NATIONAL MEDICAL HOSPITAL OF WILSON COUNTY, INC

Affiant: Paul O'Neill  
Notary Public: Katherine M. Otero  
My Commission expires: 4/12/07  
(Affix Seal)



This is unimproved ( ) improved ( ☒ ) property, known as:  
1616 W. Main St. 1411 Baddour Ferry Lebanon  
(Number) (Street) (P.O. Address) (City or Town)

IN WITNESS WHEREOF, the Grantor has executed this Deed as of the date first written above.

NATIONAL MEDICAL HOSPITAL OF  
WILSON COUNTY, INC.,  
a Delaware corporation

By: Paul O'Neill  
Printed Name: Paul O'Neill  
Title: Vice President

3820 State Street  
Santa Barbara, California 93105

STATE OF FLORIDA )  
COUNTY OF MIAMI-DADE ) ss

Personally appeared before me, KATHERINE M. OTERO, a Notary Public in and for said County and State, PAUL G. NEILL, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the V-P of the maker or a constituent of the maker and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker. He preserves Tx SIC 17265672.

Witness my hand, at office, this 31 day of October, 2003.

Notary Public

KATHERINE M. OTERO

My Commission Expires:

4/12/07





EXHIBIT "A"

LEGAL DESCRIPTION

## EXHIBIT "A"

### Tract I

A tract of land in the Third Civil District of Wilson County, City of Lebanon, Tennessee, containing 1,150,929.6 square feet 26.42 acres), more or less, and being designated as Tax Parcel 84, 84.01, 85, 86.01, 89 and 90 on Tax map 57 and being more particularly described as follows:

BEGINNING at an existing iron pin on the southerly right-of-way line of West Main Street (a.k.a. U.S. Highway 70), said pin being the northeast corner of Tract No. 4 in present deed and also being the northwest corner of Parcel 1 on Tax Map 57-M, Group A, and also being N65°21'80", 273.61 feet from the westerly return curve of West Main Street and Trinity Lane as measured along the southerly right-of-way line of West Main Street; thence leaving West Main Street South 07°54'57" West a distance of 250.78 feet; thence South 07°09'45" West a distance of 145.38 feet; thence South 08°46'03" West a distance of 145.23 feet; thence South 07°23'35" West a distance of 126.82 feet; thence South 07°43'02" West a distance of 142.19 feet; thence North 84°59'40" West a distance of 121.78 feet; thence North 84°51'45" West a distance of 109.96 feet; thence North 85°33'24" West a distance of 117.80 feet; thence North 85°09'45" West a distance of 313.79 feet; thence North 05°05'26" East a distance of 557.46 feet; thence North 89°12'06" West a distance of 166.93 feet; thence North 89°11'39" West a distance of 263.30 feet; thence North 89°11'54" West a distance of 269.56 feet; thence North 89°10'25" West a distance of 310.37 feet to the West margin of Blair Lane; thence North 08°56'21" East along the West margin of Blair Lane a distance of 417.81 feet; thence leaving Blair Lane South 86°19'16" East a distance of 379.40 feet; thence North 22°13'36" East a distance of 327.49 feet to the South margin of West Main Street; thence South 66°52'22" East along the South margin of West Main Street a distance of 98.81 feet; thence South 66°21'44" East along the South margin of West Main Street a distance of 269.10 feet; thence South 64°34'34" East along the South margin of West Main Street a distance of 99.23 feet; thence South 66°25'47" East along the South margin of West Main Street a distance of 419.76 feet; thence South 65°58'39" East along the South margin of West Main Street a distance of 386.02 feet to the Point of Beginning.

Being part of the property conveyed to National Medical Hospital of Wilson County, Inc., a Delaware corporation, from America Medicorp Development Co., a Delaware corporation, from American Medicorp Development Co., a Delaware corporation, by Deed of record in Deed Book 427, page 106, and Quitclaim Deed of record in Deed Book 427, page 107, Register's Office for Wilson County, Tennessee.

Tract II, III and VIII

Parcel A

**EXHIBIT "A"**  
**CONTINUED**

A tract or parcel of land containing 12,109.0 square feet, 0.278 acres, more or less, lying in the 10th Civil District of Wilson County, City of Lebanon, Tennessee, and being more particularly described as follows:

Commence at a 1/2 inch rebar found at the Southwest intersection of East Spring Street and Park Avenue; thence North 84°52'36" West along the South margin of East Spring Street a distance of 397.02 feet to a 1/2 inch rebar found; thence North 22°58'14" East a distance of 50.34 feet to 1 inch flat iron rod found at or near the North margin of East Spring Street and to the Point of Beginning of the tract of land herein described; thence North 84°55'37" West a distance of 113.00 feet; thence North 17°58'04" West a distance of 70.52 feet; thence North 52°49'18" East a distance of 99.50 feet; thence South 32°05'12" East a distance of 102.80 feet; thence South 00°29'06" East a distance of 50.10 feet to the Point of Beginning.

**Parcel B**

A tract or parcel of land containing 334,489.3 square feet, 7.679 acres, more or less, lying in the 10th Civil District of Wilson County, City of Lebanon, Tennessee, and being more particularly described as follows:

BEGINNING at a 1/2 inch rebar found at the Southwest intersection of East Spring Street and Park Avenue; thence South 34°46'24" East along the Southwest margin of Park Avenue a distance of 463.93 feet to the Northwest corner of Harding Drive; thence with a curve turning to the right an arc length of 27.64 feet, a radius of 14.87 feet, a chord bearing of South 18°29'18" West, a chord length of 23.83 feet; thence South 71°53'05" West with the North margin of Harding Drive a distance of 341.79 feet; thence South 77°09'00" West with the North margin of Harding Drive a distance of 123.02 feet; thence South 87°32'54" West with the North margin of Harding Drive a distance of 140.41 feet; thence North 85°21'07" West with the North margin of Harding Drive a distance of 103.00 feet to a 1 inch pipe found; thence leaving Harding Drive North 05°39'59" East a distance of 256.05 feet to a 1 inch pipe found; thence North 83°36'28" West a distance of 23.66 feet; thence North 84°52'36" West a distance of 128.00 feet; thence North 06°06'26" East a distance of 314.78 feet to the South margin of East Spring Street; thence South 84°52'36" East along the South margin of East Spring Street a distance of 525.02 feet to the Point of Beginning.

Being part of the property conveyed to National Medical Hospital of Wilson County, Inc., a Delaware corporation, from Humana of Tennessee, Inc., a Tennessee corporation, by Deed of record in Deed Book 427, page 105, and Quitclaim Deed of record in Deed Book 427, page 108, and by Deed from James C. Bradshaw, Jr., Morris D. Ferguson, Alexander Chernowittz, and Stephen M. Neely, of record in Book 409, page 61, said Register's Office.

3 25

BK/PG:1020/179-203

03212837

This instrument prepared by:  
Anne H. Duncan, Esq.  
McDermott, Will & Emery  
18191 Von Karman Avenue, Suite 400  
Irvine, CA 92612

25 PGS : AL - DRED	
JUNEL BAYCH: 22115	
11/10/2003 - 03:40 PM	
VALUE	36000000.00
MORTGAGE TAX	0.00
TRANSFER TAX	133200.00
RECORDING FEE	125.00
DE FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	133328.00

STATE OF TENNESSEE, WILSON COUNTY

JOHN B SPICKARD

REGISTER OF DEEDS

RETURN TO:

Elizabeth Stehler  
Harter, Secrest & Emery LLP  
1600 Bausch & Lomb Place  
Rochester, NY 14604

MAIL TAX STATEMENTS TO:

Lebanon HMA, Inc.  
1411 W. Baddour Parkway  
Lebanon, TN 37087-5213

Parcel Identification Number(s):

58 - 16.02, 16.03, 16.08 and 16.18  
57 - 84, 84.01, 85, 86.01, 89 and 90  
67E - A-3, 4, 5, 6 and 4.01  
68E - E - 24

(SPACE ABOVE THIS LINE IS FOR RECORDER'S USE)

**THIS LIMITED WARRANTY DEED**, made as of October 30, 2003 to be effective on 12:01 a.m. November 1, 2003, by NATIONAL MEDICAL HOSPITAL OF WILSON COUNTY, INC., a Delaware corporation (the "Grantor"), whose post office address is 3820 State Street, Santa Barbara, California 93105, to LEBANON HMA, INC., a Tennessee corporation (the "Grantee"), whose post office address is: 5811 Pelican Bay Blvd., Suite 500, Naples, FL 34108.

(Wherever used herein the terms "Grantor" and "Grantee" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals and assigns of corporations.)

**WITNESSETH:** That the Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto the Grantee all that certain land, together with all improvements situated thereon, in WILSON County, State of TENNESSEE, viz:

**SEE EXHIBIT "A" ATTACHED HERETO**

[TENNESSEE - University #1]

ORC 322900-2.040201.0892

TOGETHER, with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

The actual consideration or value whichever greater, for this transaction is \$36,000,000.-.

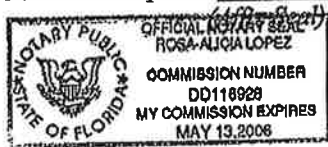
Subscribed and sworn to before me this \_\_\_ day of October, 2003.

He presented TXDL # 17265672 NATIONAL MEDICAL HOSPITAL OF WILSON COUNTY, INC.

Affiant: Paul P. O'Neill

Notary Public: Rosa Alicia Lopez

My Commission expires: \_\_\_\_\_



This is unimproved ( ) improved (✓) property, known as:

1616 W. MAIN ST. 1411 Baddock PKWY Lebanon  
(Number) (Street) (P.O. Address) (City or Town)

TO HAVE AND TO HOLD, the same in fee simple forever, subject to current taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, the Grantor hereby binds itself to warrant and defend the title as against all acts of the Grantor herein and no other.

IN WITNESS WHEREOF, the Grantor has executed this Limited Warranty Deed as of the date first written above.

NATIONAL MEDICAL HOSPITAL OF  
WILSON COUNTY, INC.,  
a Delaware corporation

By: Paul P. O'Neill  
Printed Name: Paul O'Neill  
Title: Vice President

3820 State Street  
Santa Barbara, California 93105

STATE OF Florida )  
COUNTY OF Miami-Dade ) ss

Personally appeared before me, Rosa Alicia Lopez, a Notary Public in and for said County and State, Passionville, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the VP of the maker or a constituent of the maker and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker.

Witness my hand, at office, this 31 day of October, 2003.  
He presented TXDL# 17265672

Notary Public

My Commission Expires:



**EXHIBIT "A"**

**LEGAL DESCRIPTION**

**[TO BE ATTACHED FROM  
COMMITMENT NO. 506931 TRACTS I, II, III AND V and VIII]**

## EXHIBIT "A"

### Tract I

A tract of land in the Third Civil District of Wilson County, City of Lebanon, Tennessee, being designated as Tax Parcels 84, 85, 86.01, 89 and 90 on Tax Map 57 and being more particularly described together as follows:

Beginning at an existing iron pin on the southerly right-of-way line of West Main Street, U.S. Highway #70, said pin being the northeast corner of Tract No. 4 in present deed and also being the northwest corner of Parcel 1 on Tax Map 57-M, Group A, and also being N66°21'08"W, 273.61 feet from the westerly end of the westerly return curve of West Main Street and Trinity Lane as measured along the southerly right-of-way line of West Main Street; thence,

1. With the easterly line of Tract No. 4 and with the west line of Parcels 1 and 4, Tax Map 57-M Group A S7°56'14"W, 266.16 feet to an existing iron pipe; thence,
2. Continuing with the east line of Tract 4 S7°11'02"W, 145.38 feet to an iron pin set at the common corner of Tracts 4 and 5 of present deed and a corner of Trinity Baptist Church; thence,
3. With the east line of Tract No. 5 of present deed S8°47'20"W, 145.23 feet to an existing corner post; thence,
4. S7°24'52"W, 126.82 feet to an existing corner post, corner of Parcel 6 on Tax Map 57-M Group A and Trinity Baptist Church; thence,
5. S7°44'19"W, 142.19 feet to an existing iron pin in the north line of Lot No. 13 Win-Cate Subdivision as of record in Plan Book 4, Page 19, R.C.W.C., Tennessee; thence,
6. With the north line of Win-Cate Subdivision N84°58'23"W, 121.71 feet to an existing iron pin, corner of Lots 13 and 14; thence,
7. N84°50'28"W, 109.96 feet to an existing iron pin, corner of Lots 12 and 13; thence,
8. N85°32'07"W, 117.80 feet to an existing iron pin, northwest corner of Lot No. 12 and in the east line of Tract No. 5 of present deed; thence,
9. With the west line of Lot No. 12 S5°30'03"W, 143.48 feet to an existing iron pin on the northerly right-of-way line of Trinity Circle where it now ends; thence,
10. Crossing the end of Trinity Circle S5°34'50"W, 50.25 feet to an existing iron pin; thence,
11. With the west line of Lot No. 11 S5°48'30"W, 98.48 feet to an iron pin set common corner of Lots 10 and 11; thence,
12. With the west line of Lot No. 10 S5°15'49"W, 100.92 feet to an iron pin set common corner of Lots 9 and 10; thence,



EXHIBIT "A"  
CONTINUED

Tract I

13. With the west line of Lot 9  $86^{\circ}30'40''W$ , 19.72 feet to an existing iron pin; thence,
14.  $543^{\circ}59'28''W$ , 42.33 feet to an existing iron pin; thence,
15.  $56^{\circ}44'23''W$ , 14.14 feet to an iron pin set; thence,
16.  $S00^{\circ}20'31''E$ , 109.05 feet to an iron pin set common corner of Lots 8 and 9; thence,
17.  $S2^{\circ}24'25''W$ , 106.85 feet to an existing iron pin corner of Lot No. 1 and in the north line of Parcel 24 Tax Map 69 owned by Clyde and Jann Van Piaterson by deed recorded in Book 385, Page 83, R.O.W.C., Tennessee; thence,
18. With the north line of Parcel 24 as follows:  $N82^{\circ}42'06''W$ , 246.46 feet to a fence post; thence,
19.  $N82^{\circ}44'12''W$ , 179.06 feet to a fence post; thence,
20.  $N82^{\circ}41'21''W$ , 180.31 feet to a fence post; thence,
21.  $N82^{\circ}28'06''W$ , 209.23 feet to a fence post; thence,
22.  $N82^{\circ}59'53''W$ , 262.23 feet to an existing iron pin, southeast corner of Parcel 91.01 Tax Map 57; thence,
23. With the east line of Parcel 91.01  $N2^{\circ}39'53''E$ , 140.38 feet to an existing iron pipe, corner of Parcels 91.01 and 92; thence,
24. With the east line of Parcel 92  $N2^{\circ}39'27''E$ , 102.84 feet to an existing iron pin, common corner of Parcels 92 and 91; thence,
25. With the east line of Parcel 91  $N2^{\circ}23'55''E$ , 113.62 feet to an existing iron pipe, northeast corner of Parcel 91; thence,
26. With the north line of Parcel 91  $N83^{\circ}18'11''W$ , 262.57 feet to an existing iron pin on the easterly right-of-way line of Blair Lane; thence,
27. With the easterly right-of-way line of Blair Lane  $N8^{\circ}32'41''E$ , 641.63 feet to an iron pin set; thence,
28. Continuing with the easterly right-of-way line of Blair Lane  $N10^{\circ}18'51''E$ , 111.59 feet to an existing iron pipe, common corner of Tracts 1 and 5 of present deed; thence,
29. Continuing with the easterly right-of-way line of Blair Lane  $N8^{\circ}57'28''E$ , 495.15 feet to an existing iron pipe, westerly corner of Tract No. 1 of present deed; thence,
30. With the line of Tract No. 1  $S77^{\circ}07'59''E$ , 303.56 feet to an existing iron pin; thence,

EXHIBIT "A"  
CONTINUED

Tract I

31. Continuing with the westerly line of Tract No. 1 N22°14'53"E; 335.77 feet to an existing iron pin on the south right-of-way line of West Main Street, U.S. Highway 70 and being the northwesterly corner of Tract No. 1; thence,
32. With the south right-of-way line of West Main Street, U.S. Highway 70, S66°12'49"E; 102.39 feet to an existing iron pin, common corner of Tracts 1 and 3 of present deed; thence,
33. Continuing with the south right-of-way line of West Main Street S66°27'28"E; 182.12 feet to an iron pin set; thence,
34. Continuing with the south right-of-way line of West Main Street S66°15'39"E; 411.60 feet to an existing iron pin, common corner of Tracts 2 and 4 of present deed; thence,
35. Continuing with the south right-of-way line of West Main Street S66°21'08"E; 648.87 feet to the point of beginning and containing 2,524,718 square feet or 57.960 acres, described according to Survey of Ragan-Smith Associates, Inc., dated May 26, 1992.

Being part of the property conveyed to National Medical Hospital of Wilson County, Inc., a Delaware corporation, from America Mediacorp Development Co., a Delaware corporation, from American Mediacorp Development Co., a Delaware corporation, by Deed of record in Deed Book 427, page 106, and Quitclaim Deed of record in Deed Book 427, page 107, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"  
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel I

A tract or parcel of land situate and lying in the 3rd Civil District of Wilson County, Tennessee, and more particularly described according to a survey of Paul Burton Crockett, Tennessee Registered Surveyor No. 1394, dated April 20, 1994, Job Number 94-1745D-MC, of Lebanon, Tennessee, of record in Plat Book \_\_\_\_\_, page \_\_\_\_\_ as follows:

Beginning at a point in the easterly margin of Blair Lane, same being the northwesterly corner of Roger; thence with the margin of Blair Lane North 05° 31' 44" East 1.265 feet to a point; thence South 85° 10' 32" East, 1354 feet to a point; thence South 05° 35' 11" West, 143.49 feet to a point; thence South 05° 34' 02" West, 50.25 feet to a point; thence South 05° 47' 42" West, 98.48 feet to a point; thence South 05° 15' 01" West, 190.92 feet to a point; thence South 06° 29' 50" West, 19.70 feet to a point; thence South 43° 36' 01" West, 42.34 feet to a point; thence South 06° 43' 15" West, 14.14 feet to a point; thence South 00° 21' 39" East, 109.05 feet to a point; thence South 02° 25' 17" West, 106.92 feet to a point; thence North 82° 42' 43" West, 246.46 feet to a point; thence North 82° 44' 49" West, 179.06 feet to a point; thence North 82° 41' 58" West, 180.31 feet to a point; thence North 82° 28' 43" West, 209.23 feet to a point; thence North 83° 00' 30" West, 262.43 feet to a point; thence North 02° 39' 31" East, 140.40 feet to a point; thence North 02° 39' 45" East, 102.86 feet to a point; thence North 02° 23' 32" East, 113.67 feet to a point; thence North 83° 18' 26" West, 262.57 feet to the point of beginning, and containing 17.94 acres, more or less.

Being the same property conveyed to Gordon Carroll, unmarried by deed of record in Book 436, page 283, Register's Office for Wilson County, Tennessee.

EXHIBIT "A"  
CONTINUED

Tract I

INCLUDED BUT EXCLUDED THEREFROM:

Parcel II

BEING a parcel of land in the Ninth Civil District of Wilson County, City of Lebanon, Tennessee, located on U.S. Highway 70 West of Trinity Lane, being a portion of the property conveyed to National Medical Hospital of Wilson County, Inc. of record in Deed Book 427, page 107, Register's Office for Wilson County, Tennessee, and being more particularly described as follows:

BEGINNING at a 1" pipe in the easterly margin of Blair Lane, said pipe being southerly 300 feet, more or less, along said margin from the south margin of U.S. Highway 70;

THENCE, leaving said easterly margin and severing the property of National Medical Hospital of Wilson County, Inc. the following calls:

South 89° 09' 09" East, 310.37 feet to a point;

South 85° 10' 37" East, 269.56 feet to a point;

South 89° 10' 22" East, 261.30 feet to a point;

South 89° 10' 49" East, 165.93 feet to an iron pin;

South 85° 06' 41" East, 557.45 feet to a point;

in the northerly boundary of Woodhaven Subdivision of record in Plat Book 26, page 234, Register's Office for Wilson County, Tennessee;

THENCE, with said north line of Woodhaven Subdivision, North 85° 09' 54" West, 1040.00 feet to a point in the easterly margin of Blair Lane;

THENCE, with said easterly margin, North 05° 22' 14" East, 395.72 feet to an iron pin;

THENCE, continuing with said margin, North 19° 19' 41" East, 441.68 feet to the point of beginning, containing 534.585 square feet or 12.27 acres, more or less.

Being the same property conveyed to Greentree Pointe Limited Partnership by deed of record in Book 444, page 248, Register's Office for Wilson County, Tennessee.



**EXHIBIT "A"**  
**CONTINUED**

**Tract I**

**INCLUDED BUT EXCLUDED THEREFROM:**

**Parcel III**

Land located in the 3rd Civil District of Wilson County, Tennessee, and being Lot No. 3 as shown on a plat entitled "Resubdivision of the Clayborne & Driver Property and National Medical Hospital Property" of record in Plat Book 21, Page 333, in the Register's Office for Wilson County, Tennessee, to which plat reference is hereby made for a more complete description.

Being the same property conveyed to William Schenk, M.D., as to an undivided three-fourths (3/4) interest and Deanna Mengelberg, O.G.N.P., as to undivided one-fourth (1/4) interest, by deed of record in Book 451, page 913, Register's Office for Wilson County, Tennessee.

**EXHIBIT "A"**  
**CONTINUED**

**Tract I**

**INCLUDED BUT EXCLUDED THEREFROM:**

**Parcel IV**

**A.**

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 9.368 meters (30.74 feet) right of State Route 24 survey centerline station 10+025.824; thence south 65 degrees 44 minutes 52 seconds east along the existing right of way of State Route 24, and being 53.340 meters (175.00 feet), more or less, to a point located on the northeastern corner of the property owned; the common corner with the property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, and being 9.830 meters (32.25 feet) right of State Route 24 survey centerline station 10+079.094; thence south 18 degrees 09 minutes 30 seconds west along the common line 3.000 meters (9.84 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+079.395; thence north 66 degrees 26 minutes 00 seconds west along the proposed right of way of State Route 24, and being 4.013 meters (13.17 feet), more or less, to a point 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+079.094; thence northwesterly with a curve to the left having a radius of 6,967.000 meters (22,857.61 feet) along the proposed right of way of State Route 24, and being 49.032 meters (160.87 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by National Medical Hospital of Wilson County, Inc., and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+026.259; thence north 17 degrees 07 minutes 52 seconds east along the common line, and being 3.500 meters (11.48 feet), more or less, to the POINT OF BEGINNING, containing 181,200 square meters (1,951 square feet), more or less. BEING a portion of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

**EXHIBIT "A"**  
**CONTINUED**

**Tract I**

**INCLUDED BUT EXCLUDED THEREFROM:**

**Parcel IV**

**B.**

**BEGINNING** at a point located on the northwestern corner of the property, the common corner with property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 9.830 meters (32.25 feet) right of State Route 24 survey centerline station 10+079.094; thence south 67 degrees 16 minutes 59 seconds east along the existing right of way of State Route 24, and being 82.049 meters (269.19 feet), more or less, to a point located on the northeastern corner of the property owned, the common corner with the property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, and being 8.613 meters (28.26 feet) right of State Route 24 survey centerline station 10+161.135; thence south 17 degrees 07 minutes 52 seconds west along the common line 4.500 meters (14.76 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+161.629; thence north 66 degrees 26 minutes 00 seconds west along the proposed right of way of State Route 24, and being 82.234 meters (269.80 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by National Medical Hospital of Wilson County, Inc., and being 43.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+079.094; thence north 18 degrees 09 minutes 30 seconds east along the common line, and being 3.000 meters (9.84 feet), more or less, to the **POINT OF BEGINNING**, containing 310.600 square meters (3,343 square feet), more or less. **BEING** a portion of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

Being the same property conveyed to the State of Tennessee by deed of record in Book 841, page 2055, Register's Office for Wilson County, Tennessee.



EXHIBIT "A"  
CONTINUED

Tract I

INCLUDED BY EXCLUDED THERE FROM:

Parcel V

A.

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by William D. Schenk, et al. of record in Books 407, 429, 451, Pages 256, 076, 913, respectively, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 9.117 meters (29.91 feet) right of State Route 24 survey centerline station 9+867.702; thence south 65 degrees 22 minutes 33 seconds east along the existing right of way of State Route 24, and being 30.351 meters (99.58 feet), more or less, to a point located on the northeastern corner of the property owned, the common corner with the property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, and being 9.307 meters (30.54 feet) right of State Route 24 survey centerline station 9+898.053; thence south 23 degrees 13 minutes 40 seconds west along the common line 3.700 meters (12.14 feet), more or less, to a point on the common line; said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 9+898.120; thence north 65 degrees 44 minutes 03 seconds west along the proposed right of way of State Route 24, and being 30.328 meters (99.50 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by William D. Schenk, et al., and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 9+867.792; thence north 22 degrees 56 minutes 27 seconds east along the common line, and being 3.900 meters (12.80 feet), more or less, to the POINT OF BEGINNING, containing 114,900 square meters (1,237 square feet), more or less. BEING a portion of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.



**EXHIBIT "A"**  
**CONTINUED**

**Tract I**

**INCLUDED BUT EXCLUDED THEREFROM:**

**Parcel V**

**B.**

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 9.307 meters (30.54 feet) right of State Route 24 survey centerline station 9+898.053; thence south 65 degrees 44 minutes 52 seconds east along the existing right of way of State Route 24, and being 127.819 meters (419.35 feet), more or less, to a point located on the northeastern corner of the property owned, the common corner with the property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107, and being 9.368 meters (30.74 feet) right of State Route 24 survey centerline station 10+025.824; thence south 17 degrees 07 minutes 52 seconds west along the common line 3.500 meters (11.48 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24, and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+026.259; thence north 65 degrees 44 minutes 03 seconds west along the proposed right of way of State Route 24, and being 92.092 meters (302.14 feet), more or less, to a point located on the western line of the property owned, the common line with property owned by National Medical Hospital of Wilson County, Inc., and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 9+898.120; thence north 23 degrees 13 minutes 40 seconds east along the common line, and being 3.700 meters (12.14 feet), more or less, to the POINT OF BEGINNING, containing 473.600 square meters (5,097 square feet), more or less. BEING a portion of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

Being the same property conveyed to the State of Tennessee by deed of record in Book 841, page 2058, as corrected in Book 878, page 1003, Register's Office for Wilson County, Tennessee.

**EXHIBIT "A"**  
**CONTINUED**

**Tract I.**

**INCLUDED BUT EXCLUDED THEREFROM:**

**Parcel VI**

BEGINNING at a point located on the northwestern corner of the property, the common corner with property owned by National Medical Hospital of Wilson County, Inc. of record in Book 427, Page 107; Register's Office for Wilson County, said point being on the southern existing right of way of State Route 24, and being 8.613 meters (28.26 feet) right of State Route 24 survey centerline station 10+161.135; thence south 66 degrees 15 minutes 23 seconds east along the existing right of way of State Route 24, and being 115.566 meters (379.15 feet), more or less, to a point located on the northeastern corner of the property owned, the common corner with the property owned by Maurice A. Consiglio and Norma Consiglio of record in Book 423, Page 612, and being 8.969 meters (29.43 feet) right of State Route 24 survey centerline station 10+276.700; thence south 07 degrees 52 minutes 44 seconds west along the common line 4.000 meters (13.12 feet), more or less, to a point on the common line, said point located also on the southern proposed right of way of State Route 24; and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+277.832; thence north 66 degrees 26 minutes 00 seconds west along the proposed right of way of State Route 24, and being 116.203 meters (381.24 feet), more or less, to a point located on the eastern line of the property owned, the common line with property owned by National Medical Hospital of Wilson County, Inc. and being 13.000 meters (42.65 feet) right of State Route 24 survey centerline station 10+277.832; thence south 07 degrees 07 minutes 52 seconds east along the common line, and being 4.500 meters (14.76 feet) to the POINT OF BEGINNING, containing 487,600 square meters (5,248 acres, more or less) of the same property conveyed to the Grantor of record in deed book 427, page 107, Register's Office for Wilson County.

Being the same property conveyed to the State of Tennessee by deed of record in Book 841, page 2064, Register's Office for Wilson County, Tennessee.



EXHIBIT "A"  
CONTINUED

TRACT II

Land in the 10th Civil District of Wilson County, City of Lebanon, Tennessee, being described by metes and bounds as follows:

BEGINNING on an iron pipe, being located at the intersection of the southerly right of way line of East Spring Street and the southwesterly right of way line of Park Avenue; THENCE South 34°52'27" East, along said Southwesterly right of way line, a distance of 463.94 feet to an iron pipe; THENCE along a curve to the right, having a radius of 14.84 feet, a central angle of 106°49'00", sub-tended by a chord bearing South 18°29'03" West 23.83 feet, a distance of 27.66 feet, to an iron pipe on the northerly right of way line of Harding Drive; THENCE South 71°52'50" West, along said Northerly right of way line, a distance of 341.79 feet; THENCE South 77°08'45" West a distance of 123.02 feet; THENCE South 87°32'39" West a distance of 140.41 feet; THENCE North 85°21'22" West a distance of 103.00 feet to an iron pipe; THENCE leaving said Northerly right of way line of Harding Drive, North 05°39'59" East, with line of Wilson County property, a distance of 255.82 feet to an iron pipe; THENCE North 85°00'22" West a distance of 23.66 feet to an iron pipe; THENCE North 05°55'59" East, with line of Hankins property, a distance of 314.78 to an iron pipe on the Southerly right of way line of East Spring Street; THENCE South 84°55'37" East, along said Southerly right of way line, a distance of 397.36 feet to the POINT OF BEGINNING. Containing 223,921 square feet or 6.7475 acres, more or less.

TRACT III

Land in Wilson County, Tennessee, being a tract of land situated on the North boundary of East Spring Street; City of Lebanon, 10th Civil District of Wilson County, Tennessee, and more particularly described as follows:

BEGINNING on an iron pipe, 300 feet from Park Avenue, in the North boundary of East Spring Street; THENCE North 85°03'00" West, along said North boundary, a distance of 113.00 feet to an iron pipe; THENCE North 14°45'47" West, with line of Bryant property, a distance of 70.52 feet to an iron pipe; THENCE North 53°55'00" East, with line of Chamizo property, a distance of 99.50 feet to an iron pipe; THENCE South 32°17'00" East, with line of Keller property, a distance of 99.40 feet to an iron pipe; THENCE South 03°13'00" West a distance of 52.50 feet to the POINT OF BEGINNING. Containing 12,228 square feet or 0.2807 acres, more or less.

Being part of the property conveyed to National Medical Hospital of Wilson County, Inc., a Delaware corporation, from Humana of Tennessee, Inc., a Tennessee corporation, by Deed of record in Deed Book 427, page 105, and Quitclaim Deed of record in Deed Book 427, page 108, said Register's Office.

EXHIBIT "A"  
CONTINUED

TRACT V

Parcel 1

A tract or parcel of land situated and lying on the northerly side of U.S. Highway 70 By-pass (known also as WEST HIGH STREET and as SANDOZ PARKWAY) in the 3rd Civil District of Wilson County, Tennessee, northwest of the City limits of Lebanon, described as follows:

BEGINNING at an iron pin on the northerly margin of said U.S. Highway 70 By-pass; said iron pin being located 263.58 feet in a westerly direction from a concrete highway monument, which iron pin is also located at the easterly corner of the intersection of the driveway with said U.S. Highway 70 By-pass; and running thence in a westwardly direction across the mouth of the driveway, following the northerly boundary line of said U.S. Highway 70 By-pass and the curvature thereof, which curve has a delta of 3 degrees 13 minutes 39 seconds, a radius of 1959.86 feet, an arc length of 110.40 feet, a chord of 110.39 feet and a tangent of 55.22 feet, to an iron pin at the westerly corner of the intersection of said driveway with U.S. Highway 70 By-pass; thence to the right with the westerly arc of intersection, the same having a delta of 98 degrees 39 minutes 51 seconds, a radius of 25 feet, arc length of 43.05 feet, a chord of 37.93 feet and a tangent of 29.10 feet, to an iron pin in the westerly margin of said driveway; thence with the westerly margin of the driveway due North 415.41 feet to an iron pin; thence due East 60 feet to an iron pin; thence due North 346.54 feet to an iron pin; thence due East 135 feet to an iron pin; thence due North 230 feet to an iron pin; thence due East 230 feet to an iron pin; thence due South 733.61 feet to an iron pin; thence due West 120.00 feet to an iron pin; thence due North 75 feet to an iron pin; thence due West 245 feet to an iron pin in the easterly margin of said driveway; thence with the easterly margin of the driveway due South 373.30 feet to an iron pin at the beginning of the easterly arc of the intersection of the driveway with U. S. Highway 70 By-pass; thence to the left with the arc of the intersection, the same having a delta of 78 degrees 06 minutes 30 seconds, a radius of 25 feet, arc length of 34.08 feet, chord of 31.30 feet, and tangent of 20.28 feet, to the point of beginning, containing 3.751 acres, more or less, according to survey of CUMMELAND ENGINEERS, INC., dated June 10, 1980, being Tracts E, J and K on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Being the same property conveyed to American Healthcorp of Wilson County, Inc., a Delaware corporation by deed from The Health & Educational Facilities Board of Wilson County, Tennessee, of record in Book 385, page 494, Register's Office for Wilson County, Tennessee. American Healthcorp of Wilson County, Inc now being National Medical Hospital of Wilson County, Inc.

**EXHIBIT "A"**  
**CONTINUED**

**TRACT V**

**Parcel 2**

A tract or parcel of land located in the 10th Civil District of Wilson County, Tennessee, outside the city limits of the City of Lebanon, being a part of Tract B and Tract C shown on the plat of record in Book 10, page 508, Register's Office for Wilson County, Tennessee and described according to a survey dated August 23, 1982, made by Clay Dyer Church, Jr., Registered Land Surveyor No. 131, as follows:

BEGINNING at a point in University Investors, Ltd.'s south line of their remaining property at the northeast corner of the nursing home property; thence, due East 380.91 feet to an iron pin; thence, South 6° 13' W 38.87 feet to an iron pin; thence, South 40° 54' East 76.10 feet to an iron pin in the north boundary line of the University Medical Center property; thence, due West 197.85 feet to an iron pin; thence, due South 143.53 feet to a work on the sidewalk, 1.30 feet off the west wall of the hospital and 1.61 feet off the north wall of the hospital; thence, due West 1.61 feet to an iron pin, near the corner of the building; thence, due South 51 feet to a point inside the corridor between the hospital and the nursing home; thence, due East 1.61 feet to a point also inside said corridor; thence, due South 21 feet to an iron pin, 2.55 feet off the west wall of the hospital; thence, due West 150 feet to an iron pin; thence, due North through the said corridor and just east of a paved parking lot 313.61 feet to the beginning, containing 1.840 acres, more or less.

Being the same property conveyed to American Healthcorp of Wilson County, Inc., a Delaware corporation by deed from University Investors, Ltd., a Tennessee limited partnership, of record in Book 385, page 740, Register's Office for Wilson County, Tennessee. American Healthcorp of Wilson County, Inc now being National Medical Hospital of Wilson County, Inc.

EXHIBIT "A"  
CONTINUED

TRACT V

Parcel 3

A tract or parcel of land with UNIVERSITY MEDICAL CENTER HOSPITAL located thereon in the 3rd Civil District of Wilson County, Tennessee, northwest of the City Limits of Lebanon, the same being described in various tracts as hereinafter set out and designated as Tract No. 1, Tract No. 2, Tract No. 3, Tract No. 4, and Tract "A", as covered by deed to The Health and Educational Facilities Board of Wilson County, Tennessee, which is of record in Deed Book 341, page 259, Register's Office of Wilson County, Tennessee, and also the Tracts designated as A, C, H, and I in the deed to said Board dated July 31, 1980, and recorded in Deed Book 378, page 474, of said Register's Office. Said property, as set forth in the foregoing, is described as follows:

Being tracts 1, 2, 3, 4 and "A" of the survey drawing made on August 1, 1978, by Robert Lee Spears, Tennessee Registered Land Surveyor No. 126, which survey drawing is shown for record in Deed Book 378, page 212, Register's Office for Wilson County, Tennessee.

TRACT NO. 1: Beginning at a point on the northerly right-of-way of Reddour Parkway; thence with said right-of-way North 70 degrees 24 minutes 04 seconds West, 100.00 feet to a point; thence leaving said right-of-way North 19 degrees 35 minutes 56 seconds East 503.99 feet to a point; thence Due East 12.10 feet to a point; thence Due North 299.26 feet to a point; thence Due East 50.00 feet to a point; thence Due South 233.66 feet to a point; thence Due East 180.13 feet to a point; thence Due North 202.59 feet to a point; thence South 83 degrees 50 minutes 40 seconds East, 50.29 feet to a point; thence Due South 197.20 feet to a point; thence Due East 83.94 feet to a point on the westerly right-of-way of Babb Drive; thence with said right-of-way South 6 degrees 09 minutes 20 seconds West, 50.29 feet to a point; thence leaving said right-of-way Due West 279.07 feet to a point; thence South 19 degrees 35 minutes 56 seconds West, 556.16 feet to the point of beginning, and containing 2.138 acres, more or less, according to said survey.

TRACT NO. 2: Beginning at a point on the westerly right-of-way of Babb Drive; thence leaving said right-of-way Due West 135.00 feet to a point; thence Due South 225.99 feet to a point; thence North 83 degrees 50 minutes 40 seconds West, 20.01 feet to a point; thence Due North 100.00 feet to a point; thence North 40 degrees 54 minutes West, 277.63 feet to a point; thence Due East 345.95 feet to a point on the westerly right-of-way of Babb Drive; thence with said right-of-way South 6 degrees 09 minutes 20 seconds West, 86.50 feet to the point of beginning, and containing 0.856 acre, more or less, according to said survey.

TRACT NO. 3: Beginning at a point on the westerly right-of-way of Babb Drive; thence leaving said right-of-way North 83 degrees 50 minutes 40 seconds West, 104.60 feet to a point; thence Due North 50.29 feet to a point; thence South 83 degrees 50 minutes 40 seconds East, 100.99 feet to a point on the westerly right-of-way of Babb Drive; thence with said right-of-way South 6 degrees 09 minutes 20 seconds West, 50.00 feet to the point of beginning, and containing 0.173 acre, more or less, according to said survey.

TRACT NO. 4: Beginning at a point on the easterly side of Tract "A", said point being 1 foot, more or less, East of the East wall of the Hospital Building (under construction); thence Due North 25.00 feet to a point on the Loading Dock; thence Due East 125.00 feet to a point; thence South 40 degrees 54 minutes East, 33.08 feet to a point; thence Due West 146.66 feet to the

EXHIBIT "A"  
CONTINUED

TRACT V

Parcel 3

point of beginning, and containing 0.078 acre, more or less, according to said survey.

TRACT "A": Beginning at a point, said point being North 83 degrees 50 minutes 40 seconds West, 104.60 feet from the westerly right-of-way of Habb Drive; thence North 83 degrees 50 minutes 40 seconds West, 70.30 feet to a point; thence Due North 110.00 feet to a point; thence North 40 degrees 54 minutes West, 65.00 feet to a point; thence Due West 25.00 feet to a point on the loading dock of the Hospital Building (under construction); thence running parallel with the wall of the Hospital Building Due South 44.83 feet to a point; thence Due West 32.38 feet to a point; thence South 45 degrees 00 minutes West, 31.29 feet to a point; thence Due South 51.43 feet to a point; thence South 45 degrees 00 minutes East, 16.73 feet to a point; thence Due South 299.26 feet to a point; thence Due West 629.19 feet to a point; thence North 4 degrees 18 minutes 30 seconds East, 112.54 feet to a point being the beginning of a curve to the right; thence with said curve having a radius of 450.00 feet and in a general northerly direction a distance of 247.01 feet to a point; thence North 35 degrees 45 minutes 30 seconds East, 318.64 feet to a point at the beginning of a curve to the left; thence with said curve having a radius of 450.00 feet and in a general northerly direction 222.02 feet to a point; thence South 83 degrees 48 minutes 55 seconds East, 310.00 feet to a point; thence South 6 degrees 13 minutes 05 seconds West, 98.65 feet to a point; thence South 40 degrees 54 minutes East, 353.62 feet to a point; thence Due South 100.00 feet to a point; thence South 83 degrees 50 minutes 40 seconds East, 20.01 feet to a point; thence Due South 50.25 feet to the point of beginning, and containing 9.677 acres, more or less, according to said survey.

The foregoing Tracts 1, 2, 3, 4, and "A" are the ones covered by the aforesaid deed recorded in Deed Book 341, page 259, Register's Office for Wilson County, Tennessee.

INCLUDED IN THE FOREGOING DESCRIPTIONS, BUT EXPRESSLY EXCLUDED FROM THIS DESCRIPTION are Tracts B, C, D, E, and F, totalling 5.175 acres, as referred to in the plat recorded in Plat Book 16, page 609, of said Register's Office, and which were conveyed by deed recorded in Deed Book 378, page 454, of said Register's Office, described as follows:

Tract "B": Beginning at an iron pin on the east edge of a drive; thence due North along said drive 50.25 feet to an iron pin; thence South 83 degrees 50 minutes 40 seconds East, 109.98 feet to an iron pin on the west right-of-way of Habb Drive; thence along said right-of-way South 06 degrees 09 minutes 10 seconds West, 80.00 feet to an iron pin; thence North 43 degrees 50 minutes 40 seconds West, 104.60 feet to the point of beginning, being 0.123 acre, more or less, and being Tract "B" as shown on the plat recorded in Plat Book 16, page 609, Register's Office for Wilson County, Tennessee.

Tract "C": Beginning at an iron pin on the west right-of-way of Habb Drive; thence along the north edge of a drive due West 138.78 feet to an iron pin; thence due North 50.93 feet to an iron pin; thence due West 201.61 feet to a point; thence North 40 degrees 54 minutes 00 seconds West, 0.10 feet to a point; thence due East 345.95 feet to a point on the west right-of-way of Habb Drive; thence along said right-of-way South 06 degrees 09 minutes 20 seconds West, 51.30 feet to the point of beginning, being 0.168 acre, more or less, and being Tract "C" as shown on the plat recorded in Plat Book 16, page 609, Register's Office for Wilson County, Tennessee.



**EXHIBIT "A"**  
**CONTINUED**

**TRACT V**

**Parcel 3**

Tract "D": Beginning at an iron pin due West of the existing hospital; thence due East 130.00 feet to a point; thence due North 21.00 feet to a point; thence due West 8.00 feet to a point; thence due North 41.00 feet to a point; thence due East 87.00 feet to a point; thence due North 148.53 feet to an iron pin; thence due East 197.85 feet to a point; thence North 40 degrees 54 minutes 00 seconds West, 76.08 feet to a point; thence North 06 degrees 13 minutes 05 seconds East, 98.65 feet to a point; thence North 83 degrees 46 minutes 50 seconds West, 310.00 feet to a point; thence along an arc having the following: Delta = 20 degrees 57 minutes 39 seconds, Radius = 450.00 feet, Arc length = 227.46 feet, Chord = 228.05 feet, Tangent = 116.21 feet to a point; thence due South 199.18 feet to the point of beginning, being 2.350 acres, more or less, and being Tract "D" as shown on the plat recorded in Plat Book 15, page 609, Register's Office of Wilson County, Tennessee.

Tract "E": Beginning at an iron pin due West of the existing hospital; thence due South 400.00 feet to an iron pin; thence due West 120.00 feet to an iron pin; thence due North 75.00 feet to an iron pin; thence due West 134.88 feet to a point; thence North 04 degrees 18 minutes 30 seconds East 32.83 feet to a point; thence along an arc having the following: Delta = 31 degrees 28 minutes 59 seconds, Radius = 450.00 feet, Arc length = 247.00 feet, Chord = 243.92 feet, Tangent = 128.70 feet to a point; thence North 15 degrees 45 minutes 33 seconds East 318.64 feet to a point; thence along an arc having the following: Delta = 00 degrees 34 minutes 51 seconds, Radius = 450.00 feet, Arc length = 4.56 feet, Chord = 4.56 feet, tangent = 2.28 feet to a point; thence due South 199.18 feet to the point of beginning, being 2.257 acres, more or less, and being Tract "E" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Tract "F": Beginning at an iron pin; thence due North 75.00 feet to an iron pin; thence due West 134.88 feet to a point; thence South 04 degrees 18 minutes 30 seconds West 79.70 feet to a point; thence due East 160.93 feet to the point of beginning, being 0.280 acres, more or less, and being Tract "F" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Also included in this description are the aforesaid Tracts A, G, H and I as covered by the aforesaid deed recorded in Deed Book 378, page 454, Register's Office of Wilson County, Tennessee, and which are fully described on the plat which is of record in Plat Book 16, page 609, of said Office.

Tract "A": Beginning at a point near the Hospital driveway; thence due East 50.00 feet to a point; thence due South 233.66 feet to a point; thence due East 180.13 feet to an iron pin; thence due North 202.59 feet to a point; thence North 83 degrees 50 minutes 36 seconds West 20.01 feet to a point; thence due North 110.00 feet to a point; thence North 40 degrees 54 minutes 00 seconds West 31.92 feet to a point; thence due West 146.66 feet to a point; thence due South 19.63 feet to a point; thence due West 32.38 feet to a point; thence South 45 degrees 00 minutes 00 seconds West 31.29 feet to a point; thence due South 51.43 feet to a point; thence South 48 degrees 00 minutes 00 seconds East 18.73 feet to the point of beginning, being 1.451 acres, more or less, and being Tract "A" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Tract "G": Beginning at an iron pin on the north right-of-way of the U.S. 70 Bypass; thence along said right-of-way North 70 degrees 24 minutes 04 seconds West 253.51 feet to a



EXHIBIT "A"  
CONTINUED

TRACT V

Parcel 3

monument; thence North 02 degrees 25 minutes 09 seconds East 394.58 feet to an iron pin; thence due East 391.35 feet to a point; thence South 19 degrees 35 minutes 56 seconds West 503.99 feet to the point of beginning, being 3.228 acres, more or less, and being Tract "C" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Tract "H": Beginning at an iron pin on the north right-of-way of the U.S. 70 Bypass; thence along said right-of-way South 70 degrees 24 minutes 04 seconds East 71.10 feet to a monument; thence North 12 degrees 04 minutes 20 seconds East 542.78 feet to an iron pin; thence South 19 degrees 35 minutes 56 seconds West 538.1 feet to the point of beginning, being 0.439 acre, more or less, and being Tract "H" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Tract "I": Beginning at an iron pin on the south edge of a drive; thence due East along said drive 200.52 feet to an iron pin; thence due South 17.00 feet to an iron pin; thence due West 208.58 feet to an iron pin; thence North 19 degrees 35 minutes 56 seconds East 18.05 feet to a point of beginning, being 0.080 acre, more or less, and being Tract "I" as shown on the plat recorded in Plat Book 16, page 609, Register's Office of Wilson County, Tennessee.

Being part of the same property conveyed to The Health & Educational Facilities Board of Wilson County, Tennessee, by deeds from University Medical Center, Inc., and/or University Investors, Ltd., of record in Deed Book 324, page 102, Deed Book 341, page 159, and Deed Book 372, page 474, as corrected by instrument of record in Deed Book 384, page 267, said Register's Office.

Being the same property conveyed to American Healthcorp of Wilson County, Inc., a Delaware corporation by deed from The Health and Educational Facilities Board of Wilson County, Tennessee, a Tennessee public corporation, of record in Book 392, page 51, Register's Office for Wilson County, Tennessee. American Healthcorp of Wilson County, Inc now being National Medical Hospital of Wilson County, Inc.

**EXHIBIT "A"**  
**CONTINUED**

**TRACT V**

**Parcel 4**

**A.**

Being Tract No. 2 as shown on the Final Subdivision Plan, Section II, University Investors, Ltd. Property, recorded in Plat Book 20, Page 196, Register's Office for Wilson County, Tennessee, to which plat reference is hereby made for a more complete description of said property.

**B.**

Being Tract Nos. 3 and 4 as shown on the Final Subdivision Plan, Section III, University Investors, Ltd. Property, recorded in Plat Book 20, page 434, Register's Office for Wilson County, Tennessee, to which plat reference is hereby made for a more complete description of said property.

Being the same property conveyed to National Medical Hospitals of Wilson County, Inc., d/b/a University Medical Center by deed from University Investors, Ltd., a Tennessee Limited Partnership of record in Book 440, page 178, Register's Office for Wilson County, Tennessee.

**EXHIBIT "A"**  
**CONTINUED**

**TRACT V**

**INCLUDED BUT EXCLUDED THEREFROM:**

**Parcel 1.**

A tract or parcel of land situated and lying in the Third (3rd) Civil District of Wilson County, Tennessee, containing 0.917 acres, more or less, and being Lot 1 on the Subdivision Plat of University Medical Center as recorded in Plat Book 18, Page 520, Register's Office of Wilson County, Tennessee, to which plat reference is here made for a more particular description.

Being the same property conveyed to NME Hospitals, Inc. by quitclaim deed from National Medical Hospital of Wilson County, Inc. of record in Book 432, page 55, Register's Office for Wilson County, Tennessee. NME Hospitals, Inc. now being Tenet Healthsystem Hospitals, Inc.

**Parcel 2**

Beginning at a point in the existing west margin of Babb Drive, said point being 32.85 feet left of Babb Drive proposed centerline station 5+390.50; thence with said existing southerly 434 feet, more or less to a point; thence with the existing northwest margin of said road having a curve right and southwesterly 82.55 feet to a point, said point being 56.89 feet left of Babb Drive proposed centerline station 5+243.50; thence with the proposed west margin of said road (1) north 27 degrees 45 minutes 34 seconds east 57.50 feet (2) north 10 degrees 33 minutes 19 seconds east 132.19 feet (3) north 12 degrees 51 minutes 56 seconds east 130.51 feet (4) north 08 degrees 16 minutes 54 seconds east 130.08 feet (5) north 22 degrees 13 minutes 52 seconds east 35.40 feet to the point of beginning and containing 0.125 acres and being part of the same property conveyed by The Health & Educational Board of Wilson County, Tennessee to American Health Corporation of Wilson County, Inc., d/b/a University Medical Center as of record in Book 392, Page 51, Register's Office of Wilson County, Tennessee.

Being the same property conveyed to the State of Tennessee by deed from National Medical Hospital of Wilson County, Inc. successor to American Healthcorp of Wilson County, Inc. a Delaware corporation of record in Book 448, page 733, Register's Office for Wilson County, Tennessee.

## TRACT VIII

Beginning on an iron pipe in the southerly margin of Spring Street, said pipe being the northeast corner of the Bryant property and the northwest corner of the property herein described; thence with said margin of Spring Street South  $84^{\circ} 15' 53''$  East 128.07 feet to an iron pin, said pin being the northwest corner of the Humana McFarland Hospital property and the northeast corner of the property herein described; thence leaving the southerly margin of Spring Street and running South  $05^{\circ} 56' 00''$  West 315 feet to an iron pipe, said pipe being a common corner of the Humana McFarland Hospital and Wilson County Board of Education properties and the southeast corner of the property herein described; thence running North  $83^{\circ} 59' 31''$  West 128.73 feet to an iron pipe, said pipe being a common corner of the Wilson County Board of Education and the Bryant property and being the southwest corner of the property herein described; thence North  $06^{\circ} 03' 17''$  East 314.39 feet to the point of beginning, containing 0.93 acres, more or less, and described according to the "as-Built Survey of East Spring Street Clinic" dated January 20, 1988, revised February 2, 1988, by Crockett Surveying, Lebanon, Tennessee, and being all of the same property conveyed to the Grantors as set forth below.

Being the same property conveyed to National Medical Hospital of Wilson County, Inc., d/b/a University Medical Center, a Delaware corporation, by a deed from James C. Bradshaw, Jr., Morris D. Ferguson, Alexander Chernowitz, and Stephen M. Neely, dated April 13, 1988 and recorded in Deed Book 409, page 61, in the Register's Office for Wilson County, Tennessee.

This instrument prepared by:  
Anne H. Duncan, Esq.  
McDermott, Will & Emery  
18191 Von Karman Avenue, Suite 400  
Irvine, CA 92612

RETURN TO:

Elizabeth Stehler  
Harter, Secrest & Emery LLP  
1600 Bausch & Lomb Place  
Rochester, NY 14604

MAIL TAX STATEMENTS TO:

Lebanon HMA, Inc.  
1411 W. Baddour Parkway  
Lebanon, TN 37087-5213

Parcel Identification Number(s):

58-16.10, 16.13, 16.04

BK/PG:1020/210-216

03212839

7 PGS : AL - DEED	
JEWEL BATCH: 22115	
11/10/2003 - 03:40 PM	
VALUE	1000000.00
MORTGAGE TAX	0.00
TRANSFER TAX	3700.00
RECORDING FEE	35.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	3738.00
STATE OF TENNESSEE, WILSON COUNTY	
JOHN B SPICKARD	
REGISTER OF DEEDS	

(SPACE ABOVE THIS LINE IS FOR RECORDER'S USE)

**THIS LIMITED WARRANTY DEED**, made as of October 30, 2003 to be effective on 12:01 a.m. November 1, 2003, by TENET HEALTHSYSTEM HOSPITALS, INC., a Delaware corporation (the "Grantor"), whose post office address is 3820 State Street, Santa Barbara, California 93105, to LEBANON HMA, INC., a Tennessee corporation (the "Grantee"), whose post office address is: 5811 Pelican Bay Blvd., Suite 500, Naples, FL 34108.

(Wherever used herein the terms "Grantor" and "Grantee" include all the parties to this instrument and the heirs, legal representatives and assigns of individuals and assigns of corporations.)

**WITNESSETH:** That the Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto the Grantee all that certain land, together with all improvements situated thereon, in WILSON County, State of TENNESSEE, viz:

**SEE EXHIBIT "A" ATTACHED HERETO**

[TENNESSEE - University #2]

ORC 322903-2,040201,0892

TOGETHER, with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

The actual consideration or value whichever greater, for this transaction is \$ 1,000,000.00  
Subscribed and sworn to before me this 31 day of October, 2003.

*He presented tx #1617265672.* Tenet Healthsystem Hospitals, Inc.  
Affiant: Paul O'Neill

My Commission expires: 4/12/07 Notary Public: Katherine M. Otero  
(Affix Seal)



This is unimproved ( ) improved ( ☒ ) property, known as:  
1411 Baddock Parkway, Lebanon, TN  
(Number) (Street) (P.O. Address) (City or Town)

TO HAVE AND TO HOLD, the same in fee simple forever, subject to current taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, the Grantor hereby binds itself to warrant and defend the title as against all acts of the Grantor herein and no other.

IN WITNESS WHEREOF, the Grantor has executed this Limited Warranty Deed as of the date first written above.

TENET HEALTHSYSTEM HOSPITALS,  
INC., a Delaware corporation

By: Paul O'Neill  
Printed Name: Paul O'Neill  
Title: Chairman

3820 State Street  
Santa Barbara, California 93105

STATE OF FLORIDA )  
COUNTY OF MIAMI-DADE ) SS

Personally appeared before me, KATHERINE M. OTERO, a Notary Public in and for said County and State, PAUL O'NEILL, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the V-P of the maker or a constituent of the maker and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker.

Witness my hand, at office, this 31<sup>st</sup> day of October, 2003.

He presented TX BL 17265672.  
My Commission Expires: 1/12/07 Notary Public

KATHERINE M. OTERO



EXHIBIT "A"

LEGAL DESCRIPTION

[TO BE ATTACHED FROM  
COMMITMENT NO. 506931 TRACT VI]



**EXHIBIT "A"**  
**CONTINUED**

**TRACT VI**

**Parcel 1**

**A.**

Being Lots "P", "I" and "M" of the Revision Plat of University Medical Center, Inc., and University Investors, LTD, property of record in Plat Book 16, page 609, and revised in Plat Book 16, page 978, Register's Office, Wilson County, Tennessee, and being more particularly described according to a survey by J. Bruce Rainey, Surveyor #823, dated January 3, 1985 and known as Job No. 84-403, as follows:

Beginning at an iron pin set in the Northerly margin of West High Street being 801.22' more or less westerly from the center line of Babb Street, thence with the margin of said West High Street with a curve to the left, having a radius of 1,959.86', and a long chord of 263.74', said chord having a bearing of N74 degrees 15'16"W, a distance along the curve of 263.94' to a set iron pin, thence leaving the margin of said West High Street with a turnout curve to the right, having a radius of 25.00', and a long chord of 31.51', said chord having a bearing of N39 degrees 03'00"W, a distance along the curve of 34.09' to a set iron pin, thence N00 degrees 00'45"E 377.06' to an iron pin, thence N89 degrees 59'40"E 245.08' to an existing iron pin, thence N89 degrees 59'36"E 45.05' to an iron pin, thence S82 degrees 22'17"W 398.49' to the point of beginning, containing 2.74 acres (119,204 square feet) more or less.

**B.**

Being part of the Lot "D" of the Revision Plat of University Medical Center, Inc., and University Investors, LTD, property of record in Plat Book 16, page 609 and revised in Plat Book 16, page 978, Register's Office, Wilson County, Tennessee, and being more particularly described according to a survey by J. Bruce Rainey, Surveyor #823, dated January 3, 1985 and known as Job No. 84-403 as follows:

Beginning at an existing iron pin in the Easterly margin of a future 60' foot wide road, the southwesterly corner of this tract and also being the northwesterly corner of Lot "N" of said Revised Plat of University Medical Center, Inc., and University Investors, LTD, property, thence with said road N43 degrees 04'34"E 171.00' to an existing pin, thence leaving the road S83 degrees 51'36"E 571.02' to an existing iron pin, thence S06 degrees 09'32"W 82.82' to an existing iron pin, thence S89 degrees 59'34"W 610.65' to an existing nail and cap, thence continuing S89 degrees 54'01"W 77.07' to the point of beginning, containing 1.40 acres (61,179 square feet) more or less.

EXHIBIT "A"  
CONTINUED

TRACT VI

Parcel 1

C.

Being Lot "N" of the Revision Plat of University Medical Center, Inc., and University Investors, LTD, property of record in Plat Book 16, page 609, and revised in Plat Book 16, page 978, Register's Office, Wilson County, Tennessee, and being more particularly described according to a survey of J. Bruce Rainey, Surveyor #823, dated January 3, 1985, and known as Job No. 84-403, as follows:

Beginning at an iron pin set on the easterly margin of a future 60' wide road, being the southern most corner of this tract, said point of beginning, also being N 99 degrees 00'45"E 459.45' more or less from the northerly margin of West High Street; thence with said future road the following calls: with a curve to the left having a radius of 410.89', and a long chord of 106.84', said chord having a bearing of N 07 degrees 27'54"W, a distance along the curve of 107.25' to an iron pin set; thence N 14 degrees 56'32"W 233.47' to an iron pin set; thence with a curve to the right, having a radius of 150.35' and a long chord of 145.82', said chord having a bearing of N 14 degrees 04'01"E, a distance along the curve of 152.24' to a point; thence N 43 degrees 04'34"E 141.46' to an existing iron pin; thence leaving said future road N 89 degrees 59'26"W 134.92' to an existing iron pin; thence S 00 degrees 00'45"W 346.54' to the point of beginning, containing 1.16 acres (50,286 square feet) more or less.

Being the same property conveyed to NME Hospitals, Inc. by deed from University Investors, Ltd, a Tennessee limited partnership of record in Book 394, page 62, Register's Office for Wilson County, Tennessee. NME Hospitals, Inc. now being Tenet Healthsystem Hospitals, Inc.



**EXHIBIT "A"**  
**CONTINUED**

**TRACT VI**

**Parcel 2**

A tract or parcel of land situated and lying in the Third Civil District of Wilson County, Tennessee, containing 0.912 acres, more or less, and being Lot 1 on the Subdivision Plat of University Medical Center as recorded in Plat Book 10, Page 320, Register's Office of Wilson County, Tennessee, in which plat reference is here made for a more particular description.

Being the same property conveyed to NME Hospitals, Inc. by quitclaim deed from National Medical Hospital of Wilson County, Inc. of record in Book 432, page 55, Register's Office for Wilson County, Tennessee. NME Hospitals, Inc. now being Tenet Healthsystem Hospitals, Inc.

**INCLUDED BUT EXCLUDED THEREFROM ARE THE BUILDINGS AND IMPROVEMENTS LOCATED ON THE FOLLOWING DESCRIBED TRACT OF LAND WHICH WERE CONVEYED TO WILLIAM LITTMAN BY DEED OF RECORD IN BOOK 422, PAGE 113, REGISTER'S OFFICE FOR WILLIAMSON COUNTY, TENNESSEE.**

A tract or parcel of land located in the 10th Civil District of Wilson County, Tennessee, inside the city limits of the City of Lebanon, being Lot 4 of the Revision Plat of University Medical Center Property of Record in Deed Book 394, page 42 and revised in Plat Book 10, page 320, Register's Office, Wilson County, Tennessee, and being acre particularly described according to a survey by T. Walker, Surveyor # 1463, dated August 23, 1927, as follows:

Beginning at an iron pin set in the Northernly margin of West High Street being 724.43' more or less Westerly from the center line of Babo Street, thence with a curve, to the left, having a radius of 1,937.34' and a long chord of 42.30', said chord having a bearing of N 74 degrees 42' 34" W, a distance along the curve of 42.30' to an iron pin, thence leaving the margin of said West High Street N 00 degrees 00' 00" E 170.22' to an iron pin, thence N 00 degrees 00' 00" E 140.86' to an iron pin, thence N 90 degrees 00' 00" E 132.78' to an iron pin, thence N 00 degrees 00' 00" E 13.80' to an existing iron pin, thence N 90 degrees 00' 00" E 45.02' to an existing iron pin, thence S 02 degrees 00' 00" W 134.30' to an iron pin, thence N 70 degrees 00' 00" W 130.31' to an iron pin, thence S 00 degrees 00' 00" W 201.37' to the point of beginning, containing 0.741 acres (32,144.80 square feet), more or less.

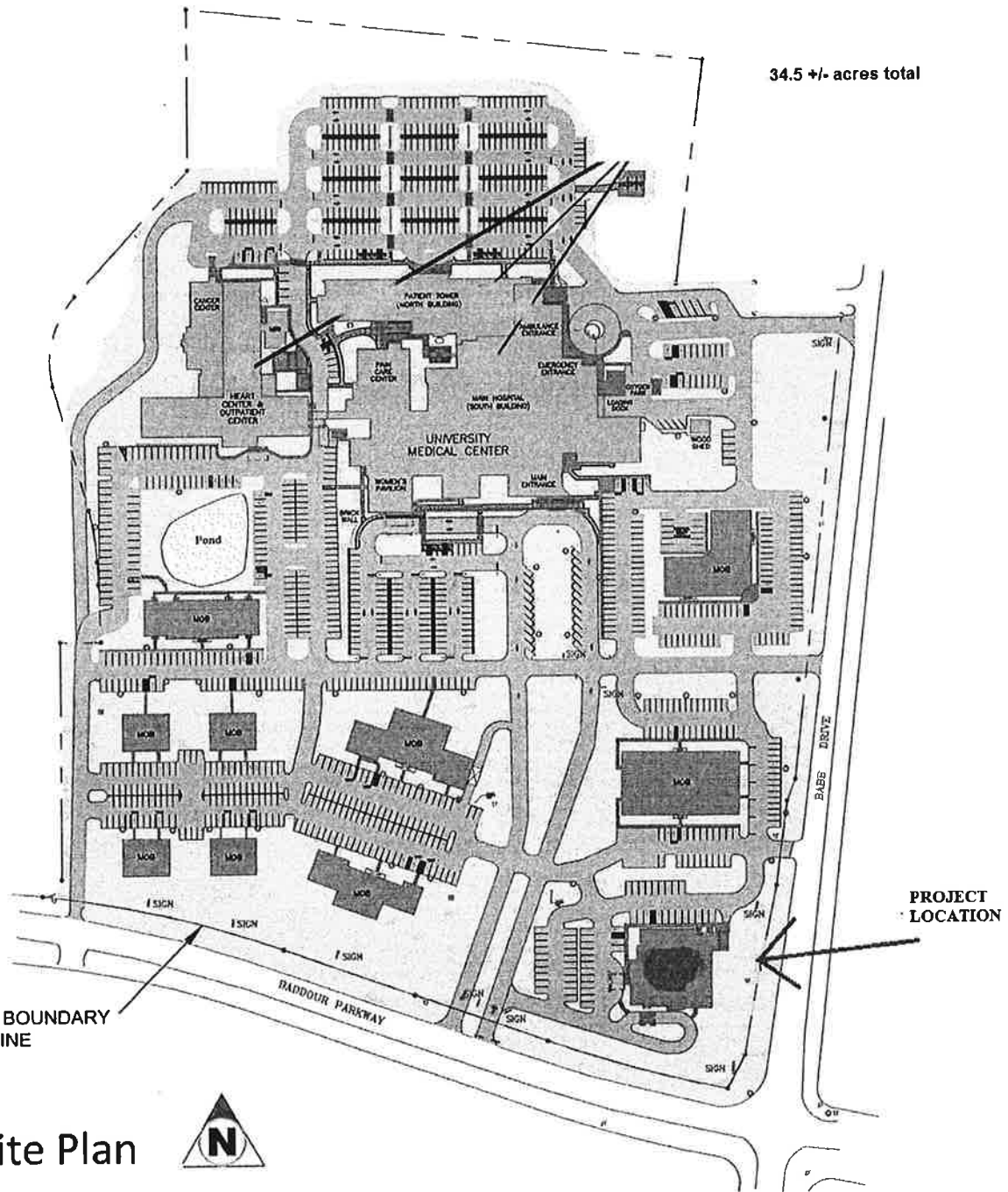
**Attachment A - 6B-1**

**Plot Plan**

34.5 +/- acres total

OVERALL BOUNDARY  
LINE

Site Plan



**Attachment A - 6B-2**

**Floor Plan**



**Attachment B – Need – A10B**  
**Medical Staff Membership**



## **ARTICLE II**

### **MEDICAL STAFF MEMBERSHIP**

Medical Staff membership shall be extended only to legally qualified and professionally competent Physicians who continuously meet the qualifications, standards, and requirements set forth in these Bylaws, the Medical Staff Rules & Regulations and the Governing Board Bylaws.

Patient information will be collected, stored and maintained so that privacy and confidentiality are preserved. The Facility and each member of the Medical Staff will be part of an Organized Health Care Arrangement ("OHCA"), which is defined as a clinically-integrated care setting in which individuals typically receive healthcare from more than one healthcare provider. The OHCA allows the Facility and the Medical Staff members to share information for purposes of treatment, payment and health care operations. Under the OHCA, at the time of admission, a patient will receive the Facility's Notice of Privacy Practices, which will include information about the Organized Health Care Arrangement between the Facility and the Medical Staff.

The Governing Board may from time to time declare moratoriums in the granting of Medical Staff privileges when the Governing Board, in its discretion, deems such a moratorium to be in the best interest of this Facility and in the best interest of the health and patient care capable of being provided by the Facility and its staff. The aforementioned moratoriums may apply to individual medical specialty groups, or any combination thereof. Prior to declaring a moratorium, the Governing Board will seek the input of the Medical Staff regarding the needs of the Facility and the patient community.

#### **Section 1.     Qualifications and Standards for Membership**

(a)     Applicants for membership in the Medical Staff must complete the Facility's credentialing application and provide a copy of their current license in the state in which the Facility is located, DEA certificate if appropriate, and sufficient documentation, indicating relevant experience appropriate for the privileges requested, relevant training, current professional competence, adherence to professional ethics, and good reputation. Applicants for membership in the Medical Staff shall also provide supporting documentation of and attest to the fact that he/she does not have an illness or physical disability that impairs, or could impair, his or her ability to exercise the privileges requested.

(b)     Professional and ethical criteria, uniformly applied to all Medical Staff applicants and Members, shall constitute the basis for granting Medical Staff membership and clinical privileges. It is required that all Medical Staff members have completed appropriate and relevant residency programs or equivalency programs when applicable. It is also required that Medical Staff applicants and Members be Board Certified (when applicable) as determined by the Governing Board, or demonstrate to the satisfaction of the Governing Board, competency and training equal or equivalent to that required for Board Certification.

(c)     Each applicant and Medical Staff member shall continuously satisfy the conditions of appointment set forth in these Bylaws, including adherence to professional ethics and providing reasonably prompt care to patients in the Facility or making other arrangements pre-approved by the Governing Board to ensure adequate care and monitoring of his/her patients.

(d) Each Member and applicant to the Medical Staff shall maintain and provide information concerning professional liability insurance as required by these Bylaws.

(e) No person shall be entitled to membership on the Medical Staff merely because that person holds a certain degree, is licensed to practice in this or another state, is a member of any professional organization, is certified by a clinical board, or because such person had, or presently has, staff membership or privileges at this or any other healthcare facility.

(f) No aspect of Medical Staff membership or particular clinical privileges shall be denied on the basis of sex, race, creed, color, national group or physical handicap unrelated to the ability to fulfill patient care and required Medical Staff obligations.

(g) No person shall be granted membership on the Medical Staff based on the value or volume of referrals made to the Facility.

(h) Medical Staff appointments, assignments, and reappointments shall be based, in part, on documented evidence of the person's education, training, and current competence.

(i) If granted clinical privileges, Members shall continuously satisfy the conditions delineated in Article V of these Bylaws.

## **Section 2. Conditions and Duration of Appointment**

(a) Recommendations for approving and denying both initial appointments and reappointments to the Medical Staff shall be made by the Medical Executive Committee and shall be approved or denied by the Governing Board.

(b) Initial appointments and reappointments shall be for a period not to exceed two (2) years.

(c) Appointment to the Medical Staff confers to the appointee only such clinical privileges as specifically granted to the Member by the Governing Board.

(d) Without limiting the generality of the foregoing, the application for appointment or reappointment to the Medical Staff and any request for privileges at the Facility shall constitute the applicant's acknowledgment and agreement that at all times the applicant shall abide by all Medicare and state licensure rules and regulations governing the clinical services provided in and the operations of ambulatory surgical facilities.

(e) Applicants shall perform all of the obligations of a Member of the Medical Staff and agree to be bound by the terms and conditions of these Bylaws, the Medical Staff Rules & Regulations and Facility policies.

(f) Applicants understand that any act, communication, report, recommendation, or disclosure concerning his/her practice, performed or made at the request of

an authorized representative of the Facility, or any other health care facility, for the purpose of achieving or maintaining quality patient care in this or any other health care facility, shall be privileged to the fullest extent permitted by law.

(g) Applicants acknowledge that the Facility, its agents, employees, assigns and the Medical Staff shall be released from liability to the fullest extent permitted by law, for claims arising from any act, communication, report, recommendation, or disclosure performed or made in connection with this or any other health care institution's activities related to, but not limited to:

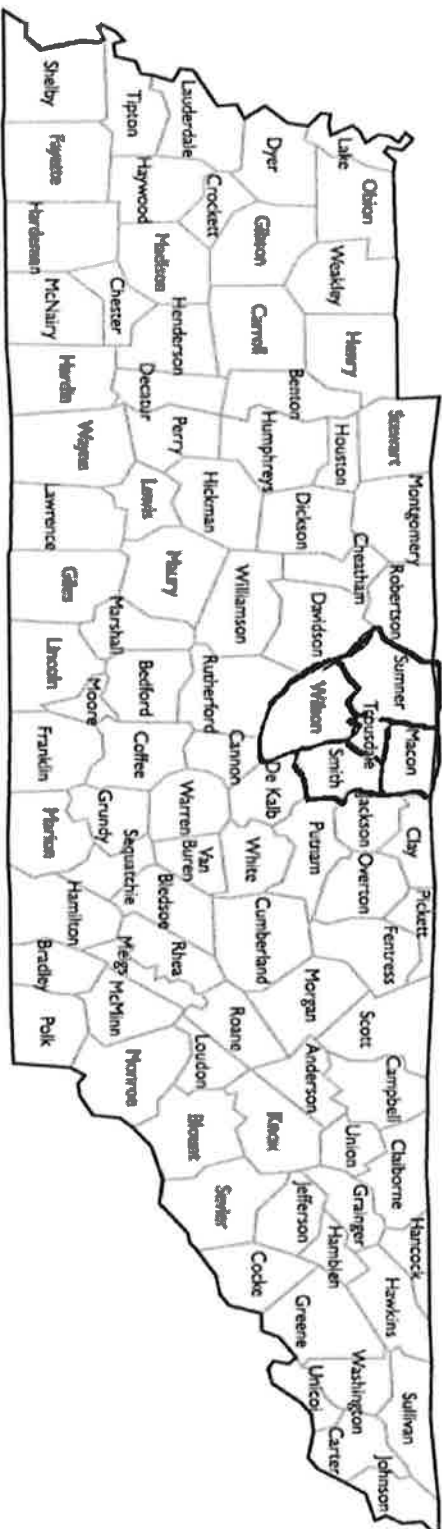
- (1) Application for Medical Staff appointment or clinical privileges;
- (2) Periodic reappraisals for Medical Staff reappointment or clinical privileges;
- (3) Corrective action, including summary suspension;
- (4) Hearings and reviews;
- (5) Medical care evaluations;
- (6) Utilization reviews; and
- (7) Other Facility, clinical service, or committee activities related to quality patient care and intraprofessional conduct.

(h) The applicant shall give immediate notice to the Governing Board, through the Administrator, in the event that his/her professional license, Drug Enforcement Agency (DEA) license, or professional liability insurance coverage is voluntarily or involuntarily revoked, limited or suspended, or in the event that his/her privileges or membership at any other health facility are voluntarily or involuntarily curtailed, limited, challenged, suspended, or revoked.

**Attachment B - Need-C**

**Service Area Map**

# TENNESSEE COUNTY MAP



**Attachment B - Economic Feasibility - B**

**Funding Documentation**



February 6, 2017

Ms. Melanie Hill  
Executive Director  
Tennessee Health Services and Development Agency  
500 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

Re: Funding Support for Lebanon Surgery Center, LLC

Dear Ms. Hill:

CHS/Community Health Systems, Inc., the parent of Lebanon Surgery Center, LLC, has internal funds available for the commitment to the following project, which has an approximate project cost of \$2,494,000.

CHS/Community Health Systems, Inc. had cash flow from operating activities of \$921 million in its fiscal year ending December 31, 2015. Moreover, as of September 30, 2016, the availability to CHS/Community Health Systems, Inc. for additional borrowings under our Credit Facility, was \$967 million pursuant to the \$1.000 billion Revolving Credit Facility, after taking into account the \$33 million outstanding at that date, of which \$55 million was set aside for outstanding letters of credit.

We believe that these funds, along with internally generated cash and continued access to the capital markets, will be sufficient to finance the commitment to the above specified project. CHS/Community Health Systems, Inc. will advance funds as necessary to complete this project.

Should you need anything further, I can be reached at 615-465-7015.

Regards,

A handwritten signature in black ink, appearing to read "E. Lomicka", written over a horizontal line.

Edward W. Lomicka  
Vice President and Treasurer

COMMUNITY  
HEALTH  
SYSTEMS

4000 Meridian Boulevard  
Franklin, TN 37067

Tel: (615) 465-7000

P.O. Box 689020  
Franklin, TN 37068-9020

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# CLASSES NOW.

## LEBANON DEMOCRAT 615-444-3952

### PUBLIC NOTICE

**PUBLIC NOTICE**  
The City of Mt. Juliet Board of Commissioners will meet in regular session the 2nd and 4th Monday of each month at 6:00 p.m. The City of Mt. Juliet Regional Planning Commission will meet in regular session the 3rd Thursday of each month at 6:30 p.m. The City of Mt. Juliet Board of Zoning Appeals (BOZA) will meet (as needed) in regular session the 2nd Tuesday of each month at 6:00 p.m. The City of Mt. Juliet Alcoholic Beverage Board will meet (as needed) in regular session on the 2nd Tuesday of each month at 6:30 p.m. The public is invited to attend.

Sheila S. Luckett, MMC  
City Recorder  
City of Mt. Juliet

### BID REQUEST

The Lebanon Special School District is requesting bids for two (2) school buses, one is a 54 passenger, and one is a 30 passenger. Bids are asked and due in the Central Office at 701 Colas Ferry Pike, Lebanon, TN 37087 by February 13, 2017 at 1:00 p.m.  
SPECs: Can be picked up M-F 8:00 a.m. - 4:00 p.m. At the Central Office or 615-444-6800. You can e-mail Richard.anderson@lssd.org or irish.weston@lssd.org

### PUBLIC NOTICE

Wilson County Government would like to inform all Wilson County residents that as of 2/6/17 Lake Shelby will be permanently closed as an access road to the Lebanon Housing Authority and to Rogers Avenue. It will now serve only as an access for overflow parking for Coats that take place within the Criminal Justice Center.

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**Williams Tree Service**  
Topping • Cut Down  
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Reasonable Rates  
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**Happy Jack Liquorice:**  
Recognized safe & effective against hook & roundworms by US CVM  
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Call Action Equipment Today!

### HELP WANTED

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### CONVULSIVE REHABILITATION

**Cardiac Practitioner-PRN**  
Cookville Regional Medical Center is seeking a PRN Nurse Practitioner for the Cardiac Service Unit. The Nurse Practitioner may assist the Cardiac Physicians with admission of patients, patient rounds, consults, history, physicals and discharges. A Graduate of an approved Masters level or higher advanced practice program is required as well as a current Tennessee license.  
Experience: 2-5 clinical experience required.  
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serving machine operators & production workers for all 3 shifts plus weekend shifts  
Interested please email [pharell@amwonderporcelain.com](mailto:pharell@amwonderporcelain.com) or come by to fill out an application @ 2700 HWY. 100E Lebanon, TN 37090

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Guaranteed Weekly Paid  
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Call Ron 615-480-6646  
Rusty Dog Express, Inc.

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Is seeking an experienced cook in the dietary department.  
Experience preferred. Apply at 615 Hickory Blvd., Hartsville, TN. No phone calls please.  
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We have an exciting career opportunity to work in a first class office environment in Hendersonville. We are growing and seeking highly motivated individuals to excel with us. Serious inquiries only. No experience necessary.  
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Interviews Tuesday-Thursday from 10am-2pm at Hampton Inn, 1005 Franklin Road, Lebanon. No phone calls, bring ID & SS Card

**Southern Manor Living Center of Lebanon**  
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Apply in person at 900 Colas Ferry Pike, Lebanon TN.

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### LOCAL FUEL DRIVERS NEEDED

**Approximate \$2,000 SIGN ON BONUS**  
Available for 2017  
2017 New Hire  
2017 New Hire  
Home Every Day!

### Certified Firefighter

The City of Mt. Juliet is seeking candidates for the following position: **Certified Firefighter**. First candidates will be required to complete pre-employment testing at deemed necessary for the position. You will need to hold a valid TN drivers license. Salary per City Compensation Plan.  
Detailed job description, Employee Application and recruitment are available online. Applications must be filed electronically and are available at the City's website: [www.cityofmtjuliet.org](http://www.cityofmtjuliet.org). We will accept electronic applications until such time when a qualified candidate is chosen with the first cut-off date being February 20, 2017. The City of Mt. Juliet reserves the right to stop accepting applications at any time. For questions, regarding the electronic application process, please call (615) 754-2532.

The City of Mt. Juliet does not discriminate based on race, color or national origin in federal or state sponsored programs, pursuant to Title VI of the Civil Rights Act of 1964 (U.S.C. 2000d), EEO/AA and the City's Policy.

### BUSINESS PROPERTY FOR RENT OR LEASE

**SMALL OFFICE SUITES**  
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\$300 total needed to close with 940 credit score or higher, 615-947-5582

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beautiful hilltop building site, 9.23 acres, 525 Cattle Rd., Call 615-004-1046

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PLEASE VISIT OUR WEBSITE:  
[WWW.LEVITON.COM](http://WWW.LEVITON.COM)

Select "About" and scroll to the careers section.  
Select Career Opportunities and fill out our on-line application.  
High School Diploma or GED is required.  
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**Job Teamwork**  
**Stand Work**  
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**NEWER HIGHER WAGES**  
**SIGN ON BONUS OFFERED**  
**Tennessee Health Management, Inc.**

Now Hiring for the following positions:

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## **Affidavit**

FEB 10 '17 PM 2:58

**AFFIDAVIT**

STATE OF Tennessee

COUNTY OF Williamson

Rachel A. Seifert, EVP of Lebanon Surgery Center, LLC, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

  
\_\_\_\_\_  
RACHEL A. SEIFERT/TITLE  
EXECUTIVE VICE PRESIDENT

Sworn to and subscribed before me this 9<sup>th</sup> day of February, 2017 a Notary  
(Month) (Year)

Public in and for the County/State of Williamson/Tennessee.



  
\_\_\_\_\_  
NOTARY PUBLIC

My commission expires May, 2017.  
(Month) (Year)



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

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March 1, 2017

Michael Brent, Esq.,  
Bradley Arant Boult Cummings, LLP.  
1600 Division Street, Suite 700  
Nashville, TN 37203

RE: Certificate of Need Application -- Lebanon Surgery Center, LLC. - CN1702-007

The establishment of a multi-specialty ambulatory surgical treatment center (ASTC) to be located in an existing building on the southwest corner of the campus of Tennova Healthcare-Lebanon located at 1411 Baddour Parkway, Lebanon, (Wilson County), TN 37087. The ASTC will include four operating rooms and one procedure room as part of the proposed multi-specialty ASTC. The estimated project cost is \$2,494,000.

Dear Mr. Brent:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is [Trent.Sansing@tn.gov](mailto:Trent.Sansing@tn.gov) or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 30-day review cycle for **CONSENT CALENDAR** for this project will begin on March 1, 2017. The first thirty (30) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the thirty (30)-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on April 26, 2017.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the Certificate of Need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the Certificate of Need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Hill / MF".

Melanie M. Hill  
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



**State of Tennessee**

**Health Services and Development Agency**

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

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MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM: Melanie M. Hill *MMH/NF*  
Executive Director

DATE: March 1, 2017

RE: Certificate of Need Application  
Lebanon Surgery Center, LLC. - CN1702-007  
**CONSENT CALENDAR**

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a **CONSENT CALENDAR** thirty (30) day review period to begin on March 1, 2017 and end on April 1, 2017.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Michael Brent, Esq.







**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

FEB 7 '17 AM 8:04

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## LETTER OF INTENT

The Publication of Intent is to be published in The Lebanon Democrat, which is a newspaper of general circulation in Wilson County, Tennessee, on or before February 7, 2017, for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Lebanon Surgery Center, LLC, a Delaware limited liability company, intends to file an application for a Certificate of Need for the establishment of a multi-specialty ambulatory surgical treatment center (ASTC) to be located in an existing building on the southwest corner of the campus of Tennova Healthcare-Lebanon, such campus having a street address of 1411 Baddour Parkway, Lebanon, TN 37087. Such existing building is located at the corner of Baddour Parkway and Babb Drive, and was previously constructed for use as an ASTC. The ASTC will be owned and operated by Lebanon Surgery Center, LLC and managed by CHSPSC, LLC, and its affiliates. The ASTC will include four (4) operating rooms and one (1) procedure room. No beds or major medical equipment will be involved. The estimated project cost is \$2,494,000.

The anticipated filing date of the application is on or before February 10, 2017. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is [mbrent@bradley.com](mailto:mbrent@bradley.com).

(Signature)

Feb. 7, 2017

(Date)

[mbrent@bradley.com](mailto:mbrent@bradley.com)

(E-mail Address)

-----

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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# SUPPLEMENTAL #1

Lebanon Surgery Center,  
LLC

CN1702-007



**State of Tennessee**  
**Health Services and Development Agency**  
Andrew Jackson Building, 9<sup>th</sup> Floor  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

**SUPPLEMENTAL #1**  
**February 24, 2017**  
**11:46 am**

February 24, 2017

Michael D. Brent  
Bradley Arant Boult Cummings LLP  
1600 Division Street, Suite 700  
Lebanon, TN 37087

RE: Certificate of Need Application CN1702-007  
Lebanon Surgery Center, LLC

Dear Mr. Brent:

This will acknowledge our February 10, 2017 receipt of your application for a Certificate of Need for the establishment of a multi-specialty ambulatory surgical treatment Center (ASTC) to be located in an existing building on the southwest corner of the campus of Tennova Healthcare-Lebanon located at 1411 Baddour Parkway, Lebanon, (Wilson County), TN 37087. The ASTC will be owned and operated by Lebanon Surgery Center, LLC and managed by CHSPSC, LLC and its affiliates. The ASTC will include four operating rooms and one procedure room as part of the proposed multi-specialty ASTC.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4:00 p.m., Friday, February 24, 2017. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

#### 1. Section A. Executive Summary A. Overview

It is noted the Letter of Intent states the ASTC will include four operating rooms and one procedure room. However, all the projections in the application appear to be based on four operating rooms only. Please clarify the role of the procedure room (PR) as it relates to this application and why no PR projections are made for Year One and Year Two.

**Response:** Although recent use of the procedure room ("PR") has been minimal, the Applicant anticipates increased future use of the PR for three primary reasons.

First, some of the physicians not currently using the PR in the HOPD setting may be more willing to use the PR in an ASTC setting. Second, due to the potential cost savings for patients who may be self-pay or participating in high deductible health plans, some patients are asking their physicians to perform their procedures in a lower cost setting, such as an ASTC PR. Third, continuing changes with Medicare, Medicaid, and private payors are allowing, or requiring, that some procedures previously performed in a physician's office now be performed in a PR setting due to the potential for better outcomes.

Please identify which hospitals that the surgeons expecting to use the ASTC will have admitting privileges. Will all the surgeons expected to utilize the facility be able to follow their patients in the case of an emergency transfer?

**Response:** All surgeons utilizing the facility will be able to follow their patients to Tennova Healthcare - Lebanon in case of an emergency transfer. The Applicant anticipates that surgeons who will perform surgeries at the ASTC will have admitting privileges at Tennova Healthcare - Lebanon, the hospital upon whose campus the proposed ASTC will be located, and at the ASTC.

Please discuss the applicant's experience in operating an ASTC.

**Response:** Though a new entity, the Applicant will be managed by an affiliate, CHSPSC, LLC ("CHSPSC"), which currently manages approximately 16 ambulatory surgery centers in addition to hospitals and other health care facilities affiliated with the Applicant and its parent around the country.

## **2. Section A, Project Details, Item 5 Management/Operating Entity**

Please discuss CHSPSC, LLC's experience in managing an ASTC.

**Response:** As noted above, CHSPSC will manage the proposed ASTC. CHSPSC's experience and learned best practices allow physicians to focus on patient care instead of administrative tasks. CHSPSC provides management services which include, but are not limited to, Administration and Governance, Finance and Accounting, HR and Payroll Services, IT Support, Clinical and Quality Support, Materials Management and Contracted Services.

## **3. Section A, Project Details, Item 6.A. Type of Ownership of Control**

Please provide a fully executed Option to Lease agreement

**Response:** Please see **Attachment A - 6A** for an executed Option to Lease Agreement.

**4. Section A, Project Details, Item 11, Square Footage and Cost Per Square Footage Chart**

It is noted there will be some type of improvements to the proposed project's facility at the cost of \$27/sq. ft. However, please complete the "proposed final square footage section" of the square footage and cost per square footage chart and submit a replacement page 14. There also is a figure in the square footage and cost per square footage chart that indicates the total cost is \$388,800 per year. Is this correct? If not, please include in the revised square footage and cost per square footage chart.

**Response:** The Applicant does not intend to make any improvements to the proposed project's facility, as the Applicant believes the current building is appropriate for use as an ASTC as currently constructed. The triple net lease cost of renting the proposed building is \$27.00 per square foot. As the proposed building has a total square footage of 14,400 square feet, the cost of rent per year is \$27.00 multiplied by 14,400 square feet, which equals \$388,800.00 per year.

If there are any renovations needed, please describe.

**Response:** Not applicable. The Applicant will not make any renovations to the proposed building. Please see R-3, R-4, and R-14 in **Attachment A - Replacement Pages** for a revised chart and a narrative that includes the square footage of the proposed location.

**5. Section BH, Need Item 1(Specific Criteria -ASTC) Item A.1.**

When does the applicant expect to meet 884 cases per operating room and 1,867 cases per procedure room?

**Response:** The Applicant anticipates meeting the noted cases per room in the fourth (4th) year after CON approval.

**6. Section B, Need Item 1(Specific Criteria -ASTC) Item 2.**

Please complete the following table for Year 2 of the proposed project.

**Response:** Please see completed charts below.

Operating Rooms	# Procedures		# Procedures/ Room		Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
	IP	OP	IP	OP				

Operating Room #1	N/A	568	N/A	567.5	43,385	10	135,000	32%
Operating Room #2	N/A	568	N/A	567.5	43,385	10	135,000	32%
Operating Room #3	N/A	568	N/A	567.5	43,385	10	135,000	32%
Operating Room #4	N/A	566	N/A	567.5	43,385	10	135,000	32%
Procedure Room	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Surgical Suite	N/A	2,270	N/A	2,270	173,540	10	540,000	32%

\* defined as the summation of the minutes by each room available for scheduled cases  
Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

Please complete the following table for UMC HOPD and Main Hospital ORs using the latest year available.

Operating Rooms	# Procedures		# Procedures/ Room		Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
	IP	OP	IP	OP				
HOPD OR #1	N/A	362	N/A	438.5	29,655	15	135,000	21.9%
HOPD OR #2	N/A	377	N/A	438.5	37,078	15	135,000	27.4%
HOPD OR #3	N/A	541	N/A	438.5	42,899	15	135,000	31.7%
HOPD OR #4	N/A	474	N/A	438.5	34,657	15	135,000	25.6%
Hospital OR #1	174	204	308	362.3	21,300	20	135,000	15.7%
Hospital OR #2	404	475	308	362.3	101,143	20	135,000	74.9%
Hospital OR #3	345	406	308	362.3	90,319	20	135,000	66.9%
Hospital OR #4	309	364	308	362.3	93,482	20	135,000	69.2%
<b>Subtotal</b>	<b>1,232</b>	<b>3,203</b>	<b>154</b>	<b>400.4</b>	<b>450,533</b>	<b>17.5</b>	<b>1,080,000</b>	<b>41.7%</b>

Hospital Endo. #1	282	719	210.5	537.5	60,289	10	135,000	44.7%
Hospital Endo. #2	139	356	210.5	537.5	25,745	10	135,000	19.1%
HOPD PR #1								
<b>Subtotal</b>	<b>421</b>	<b>1,075</b>	<b>210.5</b>	<b>537.5</b>	<b>86,034</b>	<b>10</b>	<b>270,000</b>	<b>63.7%</b>
<b>Grand Total</b>	<b>1,653</b>	<b>4,278</b>	<b>165.3</b>	<b>427.8</b>	<b>536,567</b>	<b>16</b>	<b>1,350,000</b>	<b>39.7%</b>

\* defined as the summation of the minutes by each room available for scheduled cases  
Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

**7. Section B, Need Item 1(Specific Criteria -ASTC) Item 8**

It is noted the table the applicant projects 394 patient cases from other counties and states. Please complete the following chart:

<b>Other TN Counties/States</b>	<b>2018 Projected Utilization</b>	<b>% of total cases</b>
<b>OTHER TENNESSEE COUNTIES</b>		
Davidson	87	22.08%
Rutherford	87	22.08%
DeKalb	83	21.07%
Putnam	25	6.35%
Robertson	16	4.06%
Williamson	13	3.30%
Coffee	9	2.28%
Bedford	7	1.78%
Cannon	5	1.27%
Overton	4	1.02%
Cumberland	3	0.76%
Clay	3	0.76%
Jackson	3	0.76%
Lincoln	3	0.76%
White	3	0.76%
Cheatham	3	0.76%
Hickman	3	0.76%
Giles	2	0.51%
Montgomery	2	0.51%
Anderson	2	0.51%
Dickinson	2	0.51%

Marshall	2	0.51%
Franklin	2	0.51%
Hamilton	2	0.51%
Henderson	1	0.25%
Fentress	1	0.25%
Moore	1	0.25%
Stewart	1	0.25%
<b>Subtotal</b>	<b>375</b>	<b>95.18%</b>
<b>OTHER STATES</b>		
Kentucky	17	4.31%
Louisiana	1	0.25%
Georgia	1	0.25%
<b>Subtotal</b>	<b>19</b>	<b>4.8.%</b>
<b>Total</b>	<b>394</b>	<b>100%</b>

**8. Section B, Need Item 1(Specific Criteria -ASTC) Item 9**

It is noted the applicant projected utilization for the first two years after completion of the project. However, please provide a table as requested in the application that projects patient utilization for each of the first eight quarters following completion of the proposed project.

**Response:** Please find a table projecting quarterly patient utilization for the first Year 1 and Year 2 below.

<b>Year 1 and Year 2 Patient Utilization Projection by Specialty</b>										
<b>Specialty</b>	<b>Year 1 Q1</b>	<b>Year 1 Q2</b>	<b>Year 1 Q3</b>	<b>Year 1 Q4</b>	<b>Year 1 Total</b>	<b>Year 2 Q1</b>	<b>Year 2 Q2</b>	<b>Year 2 Q3</b>	<b>Year 2 Q4</b>	<b>Year 2 Total</b>
Urology	1		1		2	1		1		2
Podiatry	19	19	19	19	76	19	19	19	19	76
GYN	14	14	14	14	56	14	14	14	14	56
ENT	170	170	170	170	680	175	175	175	175	700
Dental	16	16	16	16	64	17	17	17	17	68
Ortho	236	236	236	236	944	244	244	244	244	976
General	41	41	42	42	166	43	43	43	43	172
Plastics	54	54	54	54	216	55	55	55	55	220
<b>Total</b>	<b>554</b>	<b>553</b>	<b>554</b>	<b>553</b>	<b>2204</b>	<b>568</b>	<b>567</b>	<b>568</b>	<b>567</b>	<b>2270</b>

It is noted the applicant refers the reader of the application to Question 6 in Section C and Question 4 in Section C for utilization projections. However, those references are incorrect. There are no Section C questions 4 and 6. Also, please provide a revised page 22 that refers the reader to the correct section.

**Response:** Please see R-22 in Attachment A - Replacement Pages.

**9. Section B, Need Item 1(Specific Criteria -ASTC) Item 10**

It is noted the applicant intends to contract with a third-party anesthesia services provider. Has this provider been identified? If so, please identify. Please discuss if the third party will bill patients separately and if the provider's network participation will mirror that of the proposed ASTC.

**Response:** The Applicant intends to contract with Anesthesia Medical Group, P.C. ("AMG"). AMG will bill patients for its professional fees and will participate in the same networks as the ASTC.

**10. Section B, Need Item C**

The charts on page 24 are noted. However, the applicant refers to projected utilization for Year 1 in the narrative, but provided a chart that is actually for Year 2. If needed, please correct and provide a replacement page 24 (24R).

**Response:** Please see R-24 in Attachment A - Replacement Pages for a revised projected utilization chart.

**11. Section B, Need Item D.2**

It is noted on page 26 the applicant states between 2017 and 2021, the adult senior (those older than 65) population in Wilson County is projected to increase by 22.5% while the total county population is projected to grow by 7.3%. Please provide a population table for the proposed service area that substitutes the target population columns with the 65+ population.

**Response:** Please see the requested table below, though the Applicant notes that it will serve all age groups without any specific target age range. The Applicant also notes that some percentages were submitted in error. Please see R-25 and R-26 in Attachment A - Replacement Pages for revised pages.



Demographic Variable/ Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- (2017)	Total Population- (2021)	Total Population- % Change	65+ Population (2017)	65+ Population (2021)	65+ Population % Change	65+ Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Below Poverty Level as %	TennCare Enrollees (Dec. 2016)	TennCare Enrollees as % of Total Population
Wilson	131,486	140,892	7.2 %	20,997	25,651	22.5 %	18.2 %	40.1	\$61,070	10,844	8.4 %	20,457	15.6 %
Macon	23,639	24,380	3.1 %	4,156	4,803	15.6 %	19.7 %	39.6	\$28,684	7,857	33.5 %	7,270	30.8 %
Smith	20,378	20,977	2.9 %	3,554	4,134	16.3 %	19.7 %	41.6	\$43,914	3,657	18.1 %	4,693	23.0 %
Sumner	181,647	193,113	6.3 %	28,778	34,282	19.1 %	17.8 %	39.4	\$57,382	18,052	10.1 %	31,569	17.4 %
Trousdale	8,477	8,824	4.1 %	1,401	1,659	18.4 %	18.8 %	40.2	\$41,029	1,361	16.2 %	2,184	25.8 %
Primary Service Area Total	365,627	388,186	6.2 %	58,886	70,529	19.8 %	18.2 %	40.2	\$46,416	41,771	11.6 %	66,173	18.1 %
State of TN Total	6,887,572	7,179,512	4.2 %	1,133,025	1,312,118	15.8 %	18.3 %	38.4	\$45,219	1,137,605	16.7 %	1,559,209	22.6 %

## 12. Section B, Need Item E

For each of the surgeons expected to utilize the proposed surgery center please identify for 2015 the locations where surgeries were performed and the number of surgical cases at each facility.

**Response:** Please see the requested chart below.

Specialty	Year 1 Projected Cases	Tennova Healthcare - Lebanon HOPD	Tennova Healthcare - Lebanon Main Hospital OR "OP Cases"
Urology	2	2	372
Podiatry	74	54	30
GYN	54	54	183
ENT	680	580	9
Dental	65	65	10
Ortho	947	746	232
General	167	138	499
Plastics	215	115	63
Total	2204	1754	1398

The Applicant has projected in the chart above the cases that it anticipates will be shifted from Tennova Healthcare-Lebanon ORs based on the only information to which the Applicant has access sufficient to project migration to the proposed

ASTC. While the Applicant is not able to obtain and provide complete data as to where the surgeons expected to utilize the ASTC performed all of their surgeries in 2015, the Applicant understands that some physicians with privileges at facilities such as TriStar Summit Medical Center and Sumner Regional Medical Center have indicated a desire to perform surgeries at the proposed ASTC, in addition to those physicians with privileges at Tennova Healthcare - Lebanon.

The 2015 ASTC utilization table is noted. Please provide utilization for each of the most recent three years of data available using the following table.

**5 County Service Area ASTC Patient Utilization  
2013-2015**

County	Single Specialty ASTC	2013			2014			2015			
		Oper. Rms	Proc. Rms	Cases	Oper. Rms	Proc. Rms	Cases	Oper. Rms	Oper. Cases	Proc. Rooms	Proc. Cases
Wilson	Wilson County Eye Surgery Center	1	1	1,145	1	1	1,262	1	987	1	356
Wilson	Lebanon Endoscopy Center	2	2	2,140	2	2	1,893	N/A	N/A	2	1,931
Sumner	Green Surgery Center	1	1	1,089	1	1	1,062	1	739	1	285
<b>Service Area</b>	<b>Single-Specialty Subtotal</b>	<b>4</b>	<b>4</b>	<b>4,374</b>	<b>4</b>	<b>4</b>	<b>4,217</b>	<b>2</b>	<b>1,726</b>	<b>4</b>	<b>2,572</b>
	<b>Multi-specialty ASTCs</b>										
Wilson	Lebanon Surgical Center ( <i>Closed in 2014</i> )	1	1	77	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wilson	Providence Surgery Center	2	1	771	2	1	707	2	542	1	131
Sumner	Patient Partners	2	2	3,975	2	2	4,420	2	1,372	2	3,167
<b>Service Area</b>	<b>Multi-specialty ASTCs Subtotal</b>	<b>5</b>	<b>4</b>	<b>4,823</b>	<b>4</b>	<b>3</b>	<b>5,127</b>	<b>4</b>	<b>1,914</b>	<b>3</b>	<b>3,298</b>
	<b>Grand Total</b>	<b>9</b>	<b>8</b>	<b>9,197</b>	<b>8</b>	<b>7</b>	<b>9,344</b>	<b>6</b>	<b>3,640</b>	<b>7</b>	<b>5,870</b>

**13. Section B, Need Item F**

It is noted the existing HOPD did not use the existing outpatient PR. If so, please discuss the reasons it was not used and what it may have been used for.

**Response:** Utilization of the HOPD PR has been minimal because many of the physicians with privileges at the HOPD did not use the HOPD PR due to other alternatives, but those physicians have indicated a desire to use the PR is an ASTC setting for various reasons, including the potential cost savings for patients who may be self-pay or participating in high deductible plans and continuing changes by payors necessitating that procedures historically performed in other settings now be performed in an ASTC PR setting.

**14. Section B, Economic Feasibility, Item B, Funding**

The letter from CHS's Vice-President and Treasurer noting the proposed project will be funded by a variety of available funding sources is noted. However, on page 31 the applicant identifies the proposed project will be funded through cash reserves only. Please provide a funding letter that correctly reflects the funding source identified on page 31 of the application.

**Response:** Please see R-31 in Attachment A – Replacement Pages for a revised response regarding the variety of available funding sources upon which the Applicant will rely to fund the proposed project.

**15. Section C, Economic Feasibility, Item D. (Historical Data Chart)**

Please provide a Historical Data chart for the existing UMC HOPD surgical suite that is owned by the applicant's parent company that will be converted to an ASTC.

**Response:** The financial data for the HOPD is not kept separate from that of the hospital, so providing such a Historical Data Chart would be particularly onerous and would have no guarantee of accuracy in the requested response timeframe, so the Applicant has provided a Historical Data Chart of Tennova Healthcare-Lebanon, which includes the HOPD along with the hospital's other services, attached hereto as part of Attachment C – Economic Feasibility – C/D.

**16. Section B. Economic Feasibility Item F (Projected Data Chart)**

Assuming UMC maintains the existing HOPD surgical suite, please provide a Projected Data Chart based on that assumption.

**Response:** Please see Attachment B – Economic Feasibility – F for the Projected Data Chart assuming that the HOPD continues to exist. The Applicant, however, notes that the ASTC will only become operational following the inactive status of the HOPD.

The Projected Data Chart for the project only is noted. However, the 2018 Earnings before Interest, Taxes, and Depreciation appear to be incorrect. Please revise and submit a corrected Projected Data Chart.

**Response:** Please see Attachment B – Economic Feasibility – C/D for a corrected Projected Data Chart.

**17. Section B. Economic Feasibility Item F.1 Financials**

Please provide a copy of the latest audited balance sheets for Community Health Systems, Inc.

**Response:** The application instructions indicate that an applicant which is publicly traded can reference publicly filed documents instead of attaching copies, which the Applicant previously referenced on page 36 of the Application. Please, however, see **Attachment B - Economic Feasibility - F1** for the latest audited balance sheet of Community Health Systems, Inc. These can be found in the Applicant's parent company's recently filed annual report at <http://www.chs.net/investor-relations/annual-reports/>.

**18. Section B. Economic Feasibility Item F.2 Net Operating Margin Ratio**

The Net Operating Margin Ratios for Year One and Year Two appears incorrect. Please revise.

**Response:** Please see R-36 in **Attachment A - Replacement Pages** for a revised Net Operating Margin Ratios chart that also reflects historical values of the HOPD.

**19. Section B. Economic Feasibility Item F.3 Capitalization Ratio**

The capitalization ratio of 80% is noted. Please provide the supporting financial documentation and how the ratio was calculated at 80%.

**Response:** Please see **Attachment B - Economic Feasibility - F3** for the supporting documentation of the calculation of the Applicant's 80% capitalization ratio. The Applicant notes that, since the Application was submitted, the Applicant's parent company has released more recent audited financial statements. Based on the most recent audited balance sheet, the capitalization ratio is 89.5%. Please also see **Attachment B - Economic Feasibility - F3** for documentation of the most recent capitalization ratio calculation.

**20. Project Completion Forecast Chart**

Please indicate the reason there will be an 8 month delay in the issuance of service (January 2018) from the HSDA decision date (April 2017).

**Response:** While the Applicant hopes to, and will make efforts to, place the ASTC into service sooner, the Applicant provided a conservative timeline for initiating services based on the anticipated timeframes for obtaining provider and other payor agreements and regulatory approvals. While the Applicant acknowledges that an ASTC license might be issued in approximately four months, the Applicant will not be fully operational and capable of serving patients with commercial and governmental third party payors until accredited by the AAAHC and enrolled in Medicare, which are intertwined processes. The Applicant cannot receive

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AAAHC accreditation until Medicare reviews the Applicant's application, notifies the accrediting body, an accreditation survey of the ASTC is scheduled and performed, Medicare is notified of the results and sends the Applicant its provider number. Given the above, the Applicant anticipates a delay of approximately eight (8) months from the HSDA decision date to full operation. Please see R-45 in **Attachment A - Replacement Pages** for a revised Project Completion Forecast Chart.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is April 18, 2017. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Mr. Michael D. Brent  
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Phillip Earhart  
HSD Examiner

Enc.

**SUPPLEMENTAL #1**

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**Attachment A – Replacement Pages**



**February 24, 2017****11:46 am**6) Ownership structure:

**Response:** The Applicant is currently wholly owned by Knoxville HMA Holdings, LLC, a Tennessee limited liability company, which also holds ninety-eight percent (98%) of the ownership interests in Lebanon HMA, LLC, which owns Tennova Healthcare-Lebanon and the HOPD. Although no physicians currently hold an ownership interest in the Applicant, the Applicant anticipates between ten (10) and fifteen (15) physicians will hold ownership interests in the Applicant in the future. No individual physician will own more than five percent (5%), and all physicians together will not own more than forty-nine percent (49%) of the Applicant. All physician ownership shall be in conformance with the requirements of Section 1877 of the Social Security Act (the Stark self-referral law).

7) Service area:

**Response:** As the ASTC will be replacing the HOPD, the Applicant's Primary Service Area will mirror that of the HOPD with no anticipated changes. The HOPD's, and thus the Applicant's, primary service area is comprised of the following counties: Wilson, Macon, Smith, Sumner, and Trousdale Counties (the "Primary Service Area"). Eighty-two percent (82%) of the patients who received care in the HOPD in 2016 are from the five (5) counties listed above.

8) Existing similar service providers:

**Response:** There are two multi-specialty ASTC's currently operating in the Applicant's Primary Service Area, Providence Surgery Center in Wilson County ("Providence") and Patient Partners Surgery Center in Sumner County ("Patient Partners"). Providence, which has two (2) operating rooms (each, an "OR") and one (1) procedure room (a "PR"), recently received approval from the Agency to expand its multispecialty categories from orthopedics and pain management to all specialties. Providence noted in its application that its current annual OR volume was 547 cases (273.5 cases per OR per year) and its PR volume was 133 cases. Providence projected in its application that volume per OR per year will increase to 590 cases and noted that it was last profitable in 2013. Patient Partners, with two (2) operating rooms and two (2) procedure rooms, reported 686 cases per OR per year and 1,584 cases per PR per year in its 2015 Joint Annual Report.

As the ASTC will be replacing the HOPD, the Applicant finds the HOPD's utilization to be a reliable predictor of the Applicant's utilization once the ASTC is operational. Similar to Providence and Patient Partners, the HOPD had 1,754 cases (439 cases per OR) in 2016.

The HOPD has been profitable since opening, and, even with the lower reimbursement rates under an ASTC fee schedule, the Applicant projects that the ASTC will be profitable in Year 1.

9) Project cost:

**Response:** The estimated project cost is \$2,494,000. The project does not involve any construction, as the proposed location of the ASTC, a building consisting of 14,400 square feet, does not require any modification. The following costs make up the total project cost:

Building Lease (5 years @ \$27/ft. NNN): \$1,944,000\*  
Furniture, Fixtures, Equipment: \$200,000  
Legal Fees, Other Costs: \$250,000  
Contingency: \$100,000



\*According to the records of the Tax Assessor of Wilson County, the appraised value for the building is \$1,348,000; in accordance with the rules of the Agency, the project cost is computed with the higher of appraised value or rent to be paid during the lease term.

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10) Funding:

**Response:** The proposed project will be funded through draws from the \$1 billion revolving credit facility identified in the funding letter attached as Attachment B - Economic Feasibility – B to the original Application. Draws on the credit facility are periodically repaid using a variety of sources, which can include cash reserves, operational profits, and other sources.

11) Financial Feasibility including when the proposal will realize a positive financial margin:

**Response:** If approved, the project is expected to be operational within six (6) to eight (8) months and is expected to be profitable in the first year of operation. The Applicant projects the following in Year 1 and Year 2 of operations:

	Year 1	Year 2
Operating Room Cases	2,204	2,270
Cases Per OR (4 ORs)	551	567.5
Net Operating Income	\$818,695	\$864,401

12) Staffing:

**Response:** The Applicant, an affiliate of the HOPD, intends to staff the ASTC with the clinical personnel currently staffing the HOPD, which has successfully recruited and retained qualified personnel. The Applicant anticipates requiring 16.7 FTEs consisting of 9 Registered Nurses, 5 surgical technicians, and 4 administrative positions. The Applicant intends to contract with a third party for professional anesthesia services and anticipates 1 physician and 4 Certified Registered Nurse Anesthetists. In 2016, twenty-six (26) physicians performed surgeries in the HOPD, and the Applicant anticipates that a similar number of physicians will have surgical privileges at the ASTC if this Application is approved.

**B. Rationale for Approval**

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need:

The intent of this Application is to shift the cases currently performed in the higher cost HOPD to a lower cost ASTC. Given the changes in the health care environment and the shift towards reducing costs, the higher cost structure of the payment model used by an HOPD does not align with the future of outpatient health care services. Moreover, all of the counties in the Applicant's Primary Service Area are Federally Designated Medical Underserved Areas, which, are characterized in part by high poverty and thus are more acutely affected and thus more concerned with the cost of medical treatment. Converting the HOPD, which, at 1,754 cases in 2016 has the most cases of any ambulatory surgical treatment facility in the Primary Service Area, would provide outpatient medical services at a reduced cost to a significant segment of the Primary Service Area's patient population. Therefore, there is a direct benefit to the residents of the Primary Service Area to repurpose the HOPD as an ASTC to provide

**February 24, 2017****11:46 am****2) Economic Feasibility;**

The Applicant's projected caseload of 2,204 cases in Year 1 and 2,270 cases in Year 2 will generate positive cash flow beginning in Year 1. The project cost will be funded by draws from the \$1 billion revolving credit facility identified in the funding letter attached as Attachment B - Economic Feasibility – B to the original Application. Draws on the credit facility will be periodically repaid using a variety of sources, which can include cash reserves, operational profits, and other sources. Further, the lower cost to patients will result in more cases, as patients who might have chosen to have their surgeries performed in a surgery center instead of an outpatient department of a hospital such as the HOPD will no longer have such a deterrent.

**3) Appropriate Quality Standards**

**Response:** The Applicant will seek accreditation from the Accreditation Association of Ambulatory Health Care and will maintain a high standard of care for its patients. Tennova Healthcare-Lebanon, an affiliate of the Applicant and the hospital with which the HOPD is associated, is accredited by The Joint Commission and has served Wilson County for seventy-five (75) years. The HOPD has been successfully providing quality surgery services to patients in the Primary Service Area for many years, and, if approved, the ASTC will do so as well.

**4) Orderly Development to adequate and effective health care.**

**Response:** By replacing a higher cost HOPD with a lower cost ASTC, as proposed in this application, the Applicant seeks to ensure that the health care options available to the Primary Service Area accurately reflect the needs of the community and the health care industry. A lower cost surgical option such as the ASTC will ensure that residents receive quality health care at a more affordable price while maintaining the current number of ORs and PRs in the Primary Service Area.

**C. Consent Calendar Justification**

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

**Response:** A letter addressed to the Agency's Executive Director containing the Applicant's request to be added to the Consent Calendar and the justification for an expedited review is attached hereto as Attachment A-3C. To summarize, this Application does not seek to add any additional operating room capacity to the Primary Service Area, but, rather, proposes repurposing an existing HOPD to an ASTC to benefit patients and the community.

**Response:** Not Applicable  
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Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF							
*Total Cost							
**Cost Per Square Foot					<input type="checkbox"/> Below 1 <sup>st</sup> Quartile <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile <input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile <input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile <input type="checkbox"/> Above 3 <sup>rd</sup> Quartile

Cost per Square Foot Is Within Which Range  
 (For quartile ranges, please refer to the Applicant's Toolbox on [www.tn.gov/hsda](http://www.tn.gov/hsda))

\* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

\*\* Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

TennCare Enrollees % of Total Population	15.60%	30.80%	23.00%	25.80%	17.40%	22.68%
Persons without Health Insurance 65+	11.3%	22.8%	14.2%	15.2%	11.7%	12.0%
Median Household Income (2011-2015)	\$61,070	\$28,684	\$43,914	\$41,029	\$57,382	\$45,219
% Below Poverty Level	8.40%	33.50%	18.10%	16.20%	10.10%	16.70%

All assumptions, including the methodology by which utilization is projected is included in the response to Question 1.

9. **Access and Economic Efficiencies.** An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

**Response:** See utilization projections and supporting methodology set forth in the Applicant's response to Item F in Section B, Need of the Application. See also the Projected Data Chart in Item D of Section B, Economic Feasibility of the Application.

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

**Response:** Applicant will seek accreditation from the Accreditation Association for Ambulatory Health Care.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

**Response:** The following numbers of surgeons in the community are committed to the Applicant's ASTC:

Specialty	# of Surgeons
Urology	1
Podiatry	2
GYN	5
ENT	2
Dental	2
Ortho/Spine	7
General Surgery	4
Plastics	2

The estimates shown above for surgeons in the listed specialties are based upon the current utilization of the HOPD, which, as previously discussed, reflects the Applicant's staffing of the ASTC as the Applicant will have the same staff and anticipates that the same surgeries currently holding privileges at the HOPD will do so at the ASTC as well. As an affiliate of

HF-0004 Revised 12/2016 - All forms prior to this time are obsolete.

RDA 1651

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

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**Response:** The Applicant's long-range plan is to provide safe, quality, and cost-efficient health care to those it is privileged to serve. As the health care landscape begins to change from a traditional fee-for-service industry to payment for value and performance, the Applicant believes it is critical to adapt to this change in order to fulfill its mission as an affiliate of a local community health system and remain financially viable. This philosophy is a primary force driving the Applicant's proposal to convert Tennova Healthcare-Lebanon's HOPD to a multi-specialty ambulatory surgery center.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for certificate of need criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

Please complete the following tables, if applicable:

**Response:** Please see Attachment B – Need – C for a map of the Primary Service Area proposed by the Applicant. Please see below the utilization for the HOPD upon which the Applicant has based its projections in the first chart followed by the Applicant's projected utilization for Year 1 in the second chart.

Primary Service Area Counties	2016 HOPD Utilization-County Cases	% of total procedures
Wilson	921	52%
Macon	134	8%
Smith	183	10%
Sumner	134	8%
Trousdale	69	4%
PSA Totals	1,441	82%
Other Counties and States	313	18%
Total	1754	100%

Primary Service Area Counties	Year 1 Projected Utilization-County Cases	% of total procedures
Wilson	1156	52%
Macon	168	8%
Smith	231	10%
Sumner	169	8%
Trousdale	86	4%
PSA Totals	1,810	82%
Other Counties and States	394	18%
Total	2,204	100%

D. 1). a) Describe the demographics of the population to be served by the proposal

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**Response:** The Primary Service Area population is slightly older than the State average, with the Primary Service Area's average median age set at 40.2 and the State average median age set at 38.4. The Primary Service Area population is expected to grow by 6.2% between 2017 and 2021, which is higher than the State's expected growth rate of 4.2% during this four-year span. With an average median income of \$46,416, the Primary Service Area has a slightly higher median income than the State, which has a median income of \$45,219.

The Applicant will target all age ranges of the Primary Service Area, as the Applicant plans to serve both adult and pediatric patients.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

**Response:**

Demographic Variable/ Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- (2017)	Total Population- (2021)	Total Population- % Change	*Target Population- (2017)	*Target Population- (2021)	*Target Population- % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Below Poverty Level as %	TennCare Enrollees (Dec. 2016)	TennCare Enrollees as % of Total Population
Wilson	131,486	140,892	7.2%	131,486	140,892	7.2%	100%	40.1	\$61,070	10,844	8.4 %	20,457	15.6%
Macon	23,639	24,380	3.1%	23,639	24,380	3.1%	100%	39.6	\$28,684	7,857	33. 5%	7,270	30.8%
Smith	20,378	20,977	2.9%	20,378	20,977	2.9%	100%	41.6	\$43,914	3,657	18. 1%	4,693	23.0%
Sumner	181,647	193,113	6.3%	181,647	193,113	6.3%	100%	39.4	\$57,382	18,052	10. 1%	31,569	17.4%
Trousdale	8,477	8,824	4.1%	8,477	8,824	4.1%	100%	40.2	\$41,029	1,361	16. 2%	2,184	25.8%
Primary Service Area Total	365,627	388,186	6.2%	365,627	388,186	6.2%	100%	40.2	\$46,416	41,771	11. 6%	66,173	18.1%
State of TN Total	6,887,572	7,179,512	4.2%	6,887,572	7,179,512	4.2%	100%	38.4	\$45,219	1,137,605	16. 7%	1,559,209	22.6%

\* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

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- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**Response:** Each of the counties in the Primary Service Area is a Federally-Designated Medically Underserved Area, as designated by the U.S. Health Resources and Services Administration ("HRSA"). The HRSA describes these areas as having too few primary care providers, high infant mortality, high poverty or a high elderly population.

The Applicant will provide services without regard to gender, race, socioeconomic status, or ability to pay and has demonstrated that in the current HOPD. In the most recent 12 months ending December 2016, TennCare/Self-Pay represented 26% of the total patients that received care in the HOPD. This number is significantly higher than the percentage of TennCare enrollees present in the population of almost all of the counties in the Primary Service Area as well as the state's percentage of TennCare Enrollees of approximately 22%.

Between 2017 and 2021, the adult senior (those older than 65) population in Wilson County alone is projected to increase by 22.5% while the total county population is projected to grow by 7.2%. The senior population growth in Wilson County also exceeds the Tennessee State projection of 15.8% population increase for adult seniors. The Applicant is committed to serving this population in the same way as the HOPD.

In terms of access, patients seeking care in the HOPD are faced with significantly higher costs than that of an ASTC. This is due to the classification of the center as a hospital outpatient department. In an effort to provide more cost-efficient care to patients, the Applicant proposes to reclassify the HOPD as an ASTC. This conversion will reduce cost barriers patients face accessing high-quality care.

- E. Describe the existing and approved but unimplemented services of similar health care providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

**Response:** Tennessee Ortho was approved for a multi-specialty ASTC by the Agency in November 2016 and the proposed ASTC has yet to be fully constructed. In Tennessee Ortho's Certificate of Need application, it stated that 1,468 cases would come from the HOPD. However, that applicant did not provide letters of support from the majority of surgeons who would perform such cases. Tennessee Ortho cited, for example, that 740 ENT cases would come from Tennova Healthcare-Lebanon; however, such projection was not historically accurate, as for the past three (3) years, Tennova Healthcare-Lebanon has not performed more than 680 ENT surgeries in a single year. Enclosed with this Application are support letters from numerous surgeons who have committed to utilizing the proposed ASTC, including ENT surgeons, and the Applicant anticipates receiving additional letters of support after the filing of this application.

The following chart shows utilization data for the ASTCs operating in the Primary Service Area for years 2013 to 2015.

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B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☐ 1) Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants - Notification of intent form for grant application or notice of grant award;
- ☐ 5) Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☒ 6) Other - Identify and document funding from all other sources.

**Response:** The Applicant and its parent entity intend to draw funding from the \$1 billion revolving credit facility identified in Attachment B - Economic Feasibility - B. Funding drawn from the credit facility will be periodically repaid using a variety of sources, including cash reserves, operational profits, and other sources.

C. Complete Historical Data Charts on the following two pages — **Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

**Response:** Not applicable. The Applicant seeks to establish a new ASTC and does not have historical data.

D. Complete Projected Data Charts on the following two pages - **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**



**February 24, 2017**

**11:46 am**

the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-FI. NOTE: Publicly held entities only need to reference their SEC filings.**

**Response:** The parent entity of the Applicant, Community Health Systems, Inc. is a publicly traded corporation and its latest annual report can be found at: <http://www.chs.net/investor-relations/annual-reports/>.

- 2) Net Operating Margin Ratio - Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	22.1%	22.9%

- 3) Capitalization Ratio (Long-term debt to capitalization) - Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

**Response:** Based on the most recent, available audited financial statements, the capitalization ratio of the Applicant's parent is 80%.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

**Response:** As shown below, the Applicant projects a gross revenue of \$4,077,558 in Year 1 and will participate in TennCare and Medicare, which the Applicant projects to be the source of 21% and 30%, of its revenue, respectively. The Applicant anticipates that approximately %1, or \$40,776, of its revenue will be charity care. The Applicant will be a significant health care service provider to patients who are Medicare and Medicaid beneficiaries, with 51% of projected revenue coming from these two payors.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$ 1,223,267	30%

**PROJECT COMPLETION FORECAST CHART**  
**February 24, 2017**  
**11:46 am**

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<b>Phase</b>	<b><u>Days Required</u></b>	<b><u>Anticipated Date</u> <u>[Month/Year]</u></b>
1. Initial HSDA decision date		April, 2017
2. Architectural and engineering contract signed		
3. Construction documents approved by the Tennessee Department of Health		
4. Construction contract signed		
5. Building permit secured		
6. Site preparation completed		
7. Building construction commenced		
8. Construction 40% complete		
9. Construction 80% complete		
10. Construction 100% complete (approved for occupancy)		
11. *Issuance of License	158 Days	October 2017
12. *Issuance of Service	250 Days	January 2018
13. Final Architectural Certification of Payment		
14. Final Project Report Form submitted (Form HR0055)	340 Days	April 2018

\*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

<p><b>NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date</b></p>
--

**February 24, 2017**

**11:46 am**

**Attachment A - 6A**

**Deed/Lease/Option to Purchase**

**February 24, 2017****11:46 am**

February 1, 2017

Ladies and Gentlemen:

We are pleased to present this option ("Option") to you for the lease ("Lease") of the real property and building described below, on the following terms and conditions:

Lessor: Lebanon HMA, LLC

Lessee: Lebanon Surgery Center, LLC

Premises: Building containing approximately 14,400 square feet, located at 1411 West Baddour Parkway, at the corner of West Baddour Parkway and Babb Drive (also described as Parcel 058 016.08, subparcel 003 in the records of the Wilson County Tax Assessor)

Intended Use: Ambulatory Surgical Treatment Center (the "Facility").

Effective Date and Term: The Effective Date of the Lease shall be the first day of the month after the exercise of this Option (as determined below), and the term of the Lease shall commence on the Effective Date and shall terminate and expire at 11:59 p.m. on the date which is five (5) years thereafter.

Rent: \$388,800.00 per year.

Other Lease Terms: Other terms of the Lease shall be as set forth in the form of the Lease attached hereto as Exhibit A.

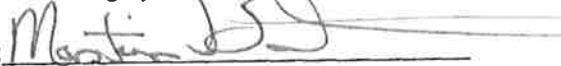
In consideration of \$10.00 cash in hand paid, the receipt and sufficiency of which are hereby acknowledged, Lessor grants to Lessee the option described above, which must be exercised within thirty (30) days of the final approval of the Certificate of Need application with regard to the Facility, as is currently pending before the Tennessee Health Services and Development Agency, to allow the use of the Facility by the Lessee as an ambulatory surgical treatment center. If such option is not exercised by such date, this Option shall terminate and be of no further force and effect.

Lebanon HMA, LLC

By: Title: Martin G. Schweinhart  
Executive Vice President

Accepted:

Lebanon Surgery Center, LLC

By: Title: Martin G. Schweinhart  
Executive Vice President

**February 24, 2017**

**11:46 am**

**Attachment B - Economic Feasibility – C/D**

**Historical and Projected Data Charts**

**February 24, 2017****11:46 am****HISTORICAL DATA CHART**

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	<u>Year 2012</u>	<u>Year 2013</u>	<u>Year 2014</u>
A. Utilization Data (Specify unit of measure)	36287 PD	33592 PD	32314 PD
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 274589092	\$ 265405751	\$ 266946392
2. Outpatient Services	259322788	282220226	312445244
3. Emergency Services	100840356	102571952	108021087
4. Other Operating Revenue (Specify) <u>EAH, rent misc</u>	1752932	1522521	3168476
<b>Gross Operating Revenue</b>	<b>\$ 636505168</b>	<b>\$ 651720450</b>	<b>\$ 690581199</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 522729660	\$ 542789215	\$ 58322988
2. Provision for Charity Care	-12747	-21822	197735
3. Provisions for Bad Debt	16218806	16988401	16234686
<b>Total Deductions</b>	<b>\$ 538935719</b>	<b>\$ 559755794</b>	<b>\$ 599662409</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 97569449</b>	<b>\$ 91964656</b>	<b>\$ 90918790</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 29862779	\$ 28329612	\$ 27779587
2. Physician's Salaries and Wages			
3. Supplies	13409863	12233682	13470899
4. Taxes	950361	625932	791160
5. Depreciation	5426665	5708607	5468476
6. Rent	1682873	1207726	1071970
7. Interest, other than Capital	60872	55490	64438
8. Management Fees:			
a. Fees to Affiliates	4575491	4212994	5112020
b. Fees to Non-Affiliates	198300	177034	64438
9. Other Expenses (Specify) <u>Benes, O/S, Med fees, etc</u>	30742633	30091130	32638683
<b>Total Operating Expenses</b>	<b>\$ 86909837</b>	<b>\$ 82642207</b>	<b>\$ 86461671</b>
E. Other Revenue (Expenses) – Net (Specify)	\$	\$	\$
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 10659612</b>	<b>\$ 9322449</b>	<b>\$ 4457119</b>
F. Capital Expenditures			
1. Retirement of Principal	\$	\$	\$
2. Interest			
<b>Total Capital Expenditures</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 10659612</b>	<b>\$ 9322449</b>	<b>\$ 4457119</b>
<b>LESS CAPITAL EXPENDITURES</b>			

**February 24, 2017****11:46 am****HISTORICAL DATA CHART-OTHER EXPENSES**

<b><u>OTHER EXPENSES CATEGORIES</u></b>	<b>Year 2012</b>	<b>Year 2013</b>	<b>Year 2014</b>
1. Benefits (Ins & FICA)	\$6,373,494	\$6,702,801	\$7,488,744
2. Medical Specialist Fees	1,046,003	1,626,445	2,544,680
3. Utilities	1,913,514	1,731,236	1,876,999
4. Purchased Services (ex: dietary, EVS, sec, etc.)	6,730,339	6,514,303	7,958,525
5. Repairs and Maintenance	2,145,184	2,452,685	2,654,789
6. Other (ex: Provider Tax and General ins)	7,890,826	6,641,970	7,816,016
7. All other (ex: adv, dues, edu, sales tax)	4,643,273	4,421,690	2,298,930
<b>Total Other Expenses</b>	<b>\$30,742,633</b>	<b>\$30,091,130</b>	<b>\$32,638,683</b>

February 24, 2017

11:46 am  
☐ Total Facility  
☒ Project Only

## PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>1</u>	Year <u>2</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	<u>2,204 Cases</u>	<u>2,270 Cases</u>
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>          </u>	\$ <u>          </u>
2. Outpatient Services	<u>4,077,558</u>	<u>4,325,881</u>
3. Emergency Services	<u>          </u>	<u>          </u>
4. Other Operating Revenue (Specify) <u>                  </u>	<u>          </u>	<u>          </u>
<b>Gross Operating Revenue</b>	<b>\$ <u>4,077,558</u></b>	<b>\$ <u>4,325,881</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>39,176</u>	\$ <u>41,562</u>
2. Provision for Charity Care	<u>40,776</u>	<u>43,259</u>
3. Provisions for Bad Debt	<u>          </u>	<u>          </u>
<b>Total Deductions</b>	<b>\$ <u>79,952</u></b>	<b>\$ <u>84,821</u></b>
<b>NET OPERATING REVENUE</b>	<b>\$ <u>3,997,606</u></b>	<b>\$ <u>4,241,060</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>881,600</u>	<u>935,289</u>
b. Non-Patient Care	<u>245,625</u>	<u>252,993</u>
2. Physician's Salaries and Wages	<u>          </u>	<u>          </u>
3. Supplies	<u>794,745</u>	<u>843,145</u>
4. Rent		
a. Paid to Affiliates	<u>388,800</u>	<u>396,576</u>
b. Paid to Non-Affiliates	<u>          </u>	<u>          </u>
5. Management Fees:		
a. Paid to Affiliates	<u>199,880</u>	<u>212,053</u>
b. Paid to Non-Affiliates	<u>          </u>	<u>          </u>
6. Other Operating Expenses	<u>602,372</u>	<u>629,771</u>
<b>Total Operating Expenses</b>	<b>\$ <u>3,113,022</u></b>	<b>\$ <u>3,269,827</u></b>
E. <b>Earnings Before Interest, Taxes and Depreciation</b>	<b>\$ <u>884,584</u></b>	<b>\$ <u>971,233</u></b>
F. Non-Operating Expenses		
1. Taxes	\$ <u>90,178</u>	\$ <u>95,063</u>
2. Depreciation	<u>5,711</u>	<u>11,770</u>
3. Interest	<u>          </u>	<u>          </u>
4. Other Non-Operating Expenses	<u>          </u>	<u>          </u>
<b>Total Non-Operating Expenses</b>	<b>\$ <u>95,889</u></b>	<b>\$ <u>106,833</u></b>
<b>NET INCOME (LOSS)</b>	<b>\$ <u>788,695</u></b>	<b>\$ <u>864,400</u></b>

Chart Continues Onto Next Page



**SUPPLEMENTAL #1****February 24, 2017****11:46 am \$864,400**

<b>NET INCOME (LOSS)</b>	<b><u>\$788,695</u></b>	
G. Other Deductions		
1. Annual Principal Debt Repayment	\$ _____	\$ _____
2. Annual Capital Expenditure	<u>\$39,976</u>	<u>\$42,411</u>
<b>Total Other Deductions</b>	<b><u>\$39,976</u></b>	<b><u>\$42,411</u></b>
<b>NET BALANCE</b>	<b><u>\$748,719</u></b>	<b><u>\$821,989</u></b>
<b>DEPRECIATION</b>	<b><u>\$5,711</u></b>	<b><u>\$11,770</u></b>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	<b><u>\$754,430</u></b>	<b><u>\$833,759</u></b>

☐ Total Facility  
☒ Project Only

**PROJECTED DATA CHART OTHER EXPENSES****OTHER EXPENSES CATEGORIES**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year</u>
1. <u>Professional Services Contract</u>	<u>\$119,940</u>	<u>\$126,027</u>	<u>\$ _____</u>
2. <u>Contract Labor</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
3. <u>Imaging Interpretation Fees</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
4. <u>Occupancy Cost</u>	<u>\$144,000</u>	<u>\$146,880</u>	<u>_____</u>
5. <u>Repairs &amp; Maintenance</u>	<u>\$44,080</u>	<u>\$45,402</u>	<u>_____</u>
6. <u>Equipment Lease</u>	<u>\$20,000</u>	<u>\$21,218</u>	<u>_____</u>
7. <u>Legal &amp; Professional Fees</u>	<u>\$25,000</u>	<u>\$26,523</u>	<u>_____</u>
8. <u>Insurance</u>	<u>\$34,448</u>	<u>\$35,729</u>	<u>_____</u>
9. <u>Billing Expense</u>	<u>\$159,904</u>	<u>\$169,642</u>	<u>_____</u>
10. <u>Software Services</u>	<u>\$30,000</u>	<u>\$31,827</u>	<u>_____</u>
11. <u>Meetings and Training</u>	<u>\$15,000</u>	<u>\$15,914</u>	<u>_____</u>
11. <u>Marketing</u>	<u>\$10,000</u>	<u>\$10,609</u>	<u>_____</u>
<b>Total Other Expenses</b>	<b><u>\$602,372</u></b>	<b><u>\$629,771</u></b>	<b><u>\$ _____</u></b>

HF-0004 Revised 12/2016 - All forms prior to this time are obsolete.

RDA 1651

R-34

**February 24, 2017**

**11:46 am**

**Attachment B - Economic Feasibility – F**

**Hypothetical Projected Data Chart**

**February 24, 2017**
☐ Total Facility  
☒ Project Only
**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>1</u>	Year <u>2</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	<u>854</u>	<u>854</u>
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>                    </u>	\$ <u>                    </u>
2. Outpatient Services	<u>21,885,940</u>	<u>21,885,940</u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b>\$ <u>21,885,940</u></b>	<b>\$ <u>21,885,940</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>19,084,540</u>	\$ <u>19,084,540</u>
2. Provision for Charity Care	<u>21,886</u>	<u>21,886</u>
3. Provisions for Bad Debt	<u>481,491</u>	<u>481,491</u>
<b>Total Deductions</b>	<b>\$ <u>19,587,917</u></b>	<b>\$ <u>19,587,917</u></b>
<b>NET OPERATING REVENUE</b>	<b>\$ <u>2,298,023</u></b>	<b>\$ <u>2,298,023</u></b>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>341,600</u>	<u>345,016</u>
b. Non-Patient Care	<u>245,625</u>	<u>248,081</u>
2. Physician's Salaries and Wages	<u>                    </u>	<u>                    </u>
3. Supplies	<u>307,945</u>	<u>307,945</u>
4. Rent		
a. Paid to Affiliates	<u>                    </u>	<u>                    </u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
5. Management Fees:		
a. Paid to Affiliates	<u>                    </u>	<u>                    </u>
b. Paid to Non-Affiliates	<u>                    </u>	<u>                    </u>
6. Other Operating Expenses	<u>663,449</u>	<u>671,673</u>
<b>Total Operating Expenses</b>	<b>\$ <u>1,558,619</u></b>	<b>\$ <u>1,572,715</u></b>
E. <b>Earnings Before Interest, Taxes and Depreciation</b>	<b>\$ <u>739,404</u></b>	<b>\$ <u>725,308</u></b>
F. Non-Operating Expenses		
1. Taxes	\$ <u>46,978</u>	\$ <u>47,447</u>
2. Depreciation	<u>5,711</u>	<u>11,770</u>
3. Interest	<u>                    </u>	<u>                    </u>
4. Other Non-Operating Expenses	<u>                    </u>	<u>                    </u>
<b>Total Non-Operating Expenses</b>	<b>\$ <u>52,689</u></b>	<b>\$ <u>59,217</u></b>
<b>NET INCOME (LOSS)</b>	<b>\$ <u>686,715</u></b>	<b>\$ <u>666,091</u></b>

*Chart Continues Onto Next Page*

**February 24, 2017**

**11:46 am**

**NET INCOME (LOSS)**

\$ 686,715

G. Other Deductions

1. Estimated Annual Principal Debt Repayment

\$

\$

2. Annual Capital Expenditure

39,976

42,411

**Total Other Deductions**

\$ **39,976**

\$ **42,411**

**NET BALANCE**

\$ 646,739

\$ 623,680

**DEPRECIATION**

\$ 5,711

\$ 11,770

**FREE CASH FLOW (Net Balance + Depreciation)**

\$ 652,450

\$ 635,450

☐ Total Facility

☒ Project Only

**PROJECTED DATA CHART-OTHER EXPENSES**

**OTHER EXPENSES CATEGORIES**

**Year 1**

**Year 2**

1. Professional Services Contract

\$ 250,000

\$ 250,000

2. Contract Labor

55,000

55,000

3. Imaging Interpretation Fees

144,000

146,880

4. Occupancy Cost

44,080

45,402

5. Repairs & Maintenance

20,000

21,218

6. Equipment Lease

25,000

26,523

7. Legal & Professional Fees

34,448

35,729

8. Insurance

90,921

90,921

9. Billing Expense

10.

**Total Other Expenses**

\$ 663,449

\$ 671,673

**February 24, 2017**

**11:46 am**

**Attachment B - Economic Feasibility - F1**

**Financial Statement**

Table of ContentsCOMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2016	2015
	(In millions, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 238	\$ 184
Patient accounts receivable, net of allowance for doubtful accounts of \$3,773 and \$4,110 at December 31, 2016 and 2015, respectively	3,176	3,611
Supplies	480	580
Prepaid income taxes	17	27
Prepaid expenses and taxes	187	197
Other current assets (including assets of hospitals held for sale of \$117 and \$17 at December 31, 2016 and 2015, respectively)	568	567
Total current assets	4,666	5,166
Property and equipment		
Land and improvements	782	969
Buildings and improvements	7,438	9,051
Equipment and fixtures	4,202	4,886
Property and equipment, gross	12,422	14,906
Less accumulated depreciation and amortization	(4,273)	(4,794)
Property and equipment, net	8,149	10,112
Goodwill	6,521	8,965
Other assets, net of accumulated amortization of \$929 and \$903 at December 31, 2016 and 2015, respectively (including assets of hospitals held for sale of \$878 and \$41 at December 31, 2016 and 2015, respectively)	2,608	2,352
Total assets	\$ 21,944	\$ 26,595
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 455	\$ 229
Accounts payable	995	1,258
Accrued liabilities:		
Employee compensation	731	823
Interest	207	227
Other (including liabilities of hospitals held for sale of \$81 and \$6 at December 31, 2016 and 2015, respectively)	499	535
Total current liabilities	2,887	3,072
Long-term debt	14,789	16,556
Deferred income taxes	411	593
Other long-term liabilities	1,575	1,698
Total liabilities	19,662	21,919
Redeemable noncontrolling interests in equity of consolidated subsidiaries	554	571
EQUITY		
Community Health Systems, Inc. stockholders' equity:		
Preferred stock, \$01 par value per share, 100,000,000 shares authorized; none issued	-	-
Common stock, \$01 par value per share, 300,000,000 shares authorized; 113,876,580 shares issued and outstanding at December 31, 2016, and 113,732,933 shares issued and 112,757,384 shares outstanding at December 31, 2015	1	1
Additional paid-in capital	1,975	1,963
Treasury stock, at cost, no shares at December 31, 2016 and 975,549 shares at December 31, 2015	-	(7)
Accumulated other comprehensive loss	(62)	(73)
(Accumulated deficit) retained earnings	(299)	2,135
Total Community Health Systems, Inc. stockholders' equity	1,615	4,019
Noncontrolling interests in equity of consolidated subsidiaries	113	86
Total equity	1,728	4,105
Total liabilities and equity	\$ 21,944	\$ 26,595

See notes to the consolidated financial statements.

**February 24, 2017**

**11:46 am**

**Attachment B - Economic Feasibility – F3**

**Capitalization Ratio Documentation**

February 24, 2017

11:46 am

**COMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

December 31,	
2015	2014

(In millions, except share data)

**ASSETS**

<b>Current assets:</b>		
Cash and cash equivalents	\$ 184	\$ 509
Patient accounts receivable, net of allowance for doubtful accounts of \$4,110 and \$3,504 at December 31, 2015 and 2014, respectively	3,611	3,409
Supplies	580	557
Prepaid income taxes	27	30
Deferred income taxes	-	341
Prepaid expenses and taxes	197	192
Other current assets (including assets of hospitals held for sale of \$17 and \$38 at December 31, 2015 and 2014, respectively)	567	528
<b>Total current assets</b>	<b>5,166</b>	<b>5,566</b>
<b>Property and equipment:</b>		
Land and improvements	969	946
Buildings and improvements	9,051	8,791
Equipment and fixtures	4,886	4,527
<b>Property and equipment, gross</b>	<b>14,906</b>	<b>14,264</b>
Less accumulated depreciation and amortization	(4,794)	(4,095)
<b>Property and equipment, net</b>	<b>10,112</b>	<b>10,169</b>
<b>Goodwill</b>	<b>8,965</b>	<b>8,951</b>
<b>Other assets, net of accumulated amortization of \$903 and \$827 at December 31, 2015 and 2014, respectively (including assets of hospitals held for sale of \$41 and \$90 at December 31, 2015 and 2014, respectively)</b>	<b>2,618</b>	<b>2,735</b>
<b>Total assets</b>	<b>\$ 26,861</b>	<b>\$ 27,421</b>

**LIABILITIES AND EQUITY**

<b>Current liabilities:</b>		
Current maturities of long-term debt	\$ 229	\$ 235
Accounts payable	1,258	1,293
Deferred income taxes	-	23
<b>Accrued liabilities:</b>		
Employee compensation	823	955
Interest	227	227
Other (including liabilities of hospitals held for sale of \$6 and \$10 at December 31, 2015 and 2014, respectively)	535	856
<b>Total current liabilities</b>	<b>3,072</b>	<b>3,589</b>
<b>Long-term debt</b>	<b>16,822</b>	<b>16,681</b>
<b>Deferred income taxes</b>	<b>393</b>	<b>845</b>
<b>Other long-term liabilities</b>	<b>1,698</b>	<b>1,692</b>
<b>Total liabilities</b>	<b>22,185</b>	<b>22,807</b>
<b>Redeemable noncontrolling interests in equity of consolidated subsidiaries</b>	<b>571</b>	<b>531</b>

Commitments and contingencies (Note 17)

**EQUITY**

Community Health Systems, Inc. stockholders' equity:

Preferred stock, \$.01 par value per share, 100,000,000 shares authorized; none issued		
Common stock, \$.01 par value per share, 300,000,000 shares authorized; 113,732,933 shares issued and 112,757,384 shares outstanding at December 31, 2015, and 117,701,087 shares issued and 116,725,538 shares outstanding at December 31, 2014	1	1
Additional paid-in capital	1,963	2,095
Treasury stock, at cost, 975,549 shares at December 31, 2015 and 2014	(7)	(7)
Accumulated other comprehensive loss	(73)	(63)
Retained earnings	2,135	1,977
<b>Total Community Health Systems, Inc. stockholders' equity</b>	<b>4,019</b>	<b>4,003</b>
<b>Noncontrolling interests in equity of consolidated subsidiaries</b>	<b>86</b>	<b>80</b>
<b>Total equity</b>	<b>4,105</b>	<b>4,083</b>
<b>Total liabilities and equity</b>	<b>\$ 26,861</b>	<b>\$ 27,421</b>

See notes to the consolidated financial statements.

$$\textcircled{C} = \text{CAPITALIZATION: } \textcircled{A} + \textcircled{B} = 20,927$$

$$\text{CAPITALIZATION RATIO: } \frac{\textcircled{A}}{\textcircled{C}} = 0.80 \text{ or } 80\%$$



February 24, 2017

11:46 am

Table of ContentsCOMMUNITY HEALTH SYSTEMS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	December 31,	
2016	2015	
(In millions, except share data)		

## ASSETS

## Current assets:

Cash and cash equivalents	\$ 238	\$ 184
Patient accounts receivable, net of allowance for doubtful accounts of \$3,773 and \$4,110 at December 31, 2016 and 2015, respectively	3,176	3,611
Supplies	480	580
Prepaid income taxes	17	27
Prepaid expenses and taxes	187	197
Other current assets (including assets of hospitals held for sale of \$117 and \$17 at December 31, 2016 and 2015, respectively)	568	567
Total current assets	4,666	5,166

## Property and equipment

Land and improvements	782	969
Buildings and improvements	7,438	9,051
Equipment and fixtures	4,202	4,886

## Property and equipment, gross

Less accumulated depreciation and amortization	12,422	14,906
Property and equipment, net	(4,273)	(4,794)

## Goodwill

Other assets, net of accumulated amortization of \$929 and \$903 at December 31, 2016 and 2015, respectively (including assets of hospitals held for sale of \$878 and \$41 at December 31, 2016 and 2015, respectively)	8,149	10,112
Total assets	6,521	8,965

## Total assets

## LIABILITIES AND EQUITY

## Current liabilities:

Current maturities of long-term debt	\$ 455	\$ 229
Accounts payable	995	1,258
Accrued liabilities:		
Employee compensation	731	823
Interest	207	227
Other (including liabilities of hospitals held for sale of \$81 and \$6 at December 31, 2016 and 2015, respectively)	499	535
Total current liabilities	2,887	3,072

## Long-term debt

## Deferred income taxes

## Other long-term liabilities

## Total liabilities

## Redeemable noncontrolling interests in equity of consolidated subsidiaries

## Commitments and contingencies (Note 17)

## EQUITY

## Community Health Systems, Inc. stockholders' equity:

Preferred stock, \$.01 par value per share, 100,000,000 shares authorized; none issued	-	-
Common stock, \$.01 par value per share, 300,000,000 shares authorized; 113,876,580 shares issued and outstanding at December 31, 2016, and 113,732,933 shares issued and 112,757,384 shares outstanding at December 31, 2015	1,975	1,963
Additional paid-in capital	-	(7)
Treasury stock, at cost, no shares at December 31, 2016 and 975,549 shares at December 31, 2015	(62)	(73)
Accumulated other comprehensive loss	(299)	2,135
(Accumulated deficit) retained earnings	1,615	4,019
Total Community Health Systems, Inc. stockholders' equity	113	86

## Noncontrolling interests in equity of consolidated subsidiaries

## Total equity

## Total liabilities and equity

See notes to the consolidated financial statements.

$$C = \text{Capitalization} = A + B = 16,517$$

$$\text{Capitalization Ratio} = \frac{A}{C} = 89.5\% \text{ or } 89.5\%$$

February 24, 2017

11:46 am

FEB 24 11:46

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY      Lebanon Surgery Center, LLC (CN1702-007)

I, Michael D. Brent, after first being duly sworn, state under oath that I am counsel for the applicant named in this Certificate of Need application, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



MICHAEL D. BRENT,  
Attorney for Lebanon Surgery Center, LLC

Sworn to and subscribed before me, a Notary Public, this the 24<sup>th</sup> day of February, 2017, witness my hand at office in the County of Davidson, State of Tennessee.



My commission expires

9-11-2017

My Commission Expires SEPT. 11, 2017

HF-0043

Revised 7/02

# Supplemental- #2 -ORIGINAL-

Lebanon Surgery Center,  
LLC.

CN1702-007



**State of Tennessee**  
**Health Services and Development Agency**  
Andrew Jackson Building, 9<sup>th</sup> Floor  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

**SUPPLEMENTAL #2**

**February 27, 2017**

**11:11am**

February 27, 2017

Michael D. Brent  
Bradley Arant Boult Cummings LLP  
1600 Division Street, Suite 700  
Lebanon, TN 37087

RE: Certificate of Need Application CN1702-007  
Lebanon Surgery Center, LLC

Dear Mr. Brent:

This will acknowledge our February 24, 2017 receipt of your supplemental response to an application for a Certificate of Need for the establishment of a multi-specialty ambulatory surgical treatment Center (ASTC) to be located in an existing building on the southwest corner of the campus of Tennova Healthcare-Lebanon located at 1411 Baddour Parkway, Lebanon, (Wilson County), TN 37087. The ASTC will be owned and operated by Lebanon Surgery Center, LLC and managed by CHSPSC, LLC and its affiliates. The ASTC will include four operating rooms and one procedure room as part of the proposed multi-specialty ASTC.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 p.m., Monday, February 27, 2017.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

**1. Section B, Need Item 1(Specific Criteria -ASTC) Item 8**

The table that projects the 394 patient cases from other counties and states is noted. However, please clarify if "Dickinson County" was meant to reflect "Dickson County".

**Response:** The Applicant intended to refer to "Dickson County" in Section B, Need Item 1(Specific Criteria -ASTC) Item 8.

**2. Section B, Need Item 1(Specific Criteria -ASTC) Item 9**

The table that projects patient utilization for each of the first eight quarters following completion of the proposed project is noted. However, there are slight total addition errors for Year 1 Q1, Q2, Q3, and Q4. Please correct and provide a revised chart.

**Response:** Please find a corrected table below projecting quarterly patient utilization for Year 1 and Year 2.

Year 1 and Year 2 Patient Utilization Projection by Specialty										
Specialty	Year 1 Q1	Year 1 Q2	Year 1 Q3	Year 1 Q4	Year 1 Total	Year 2 Q1	Year 2 Q2	Year 2 Q3	Year 2 Q4	Year 2 Total
Urology	1		1		2	1		1		2
Podiatry	19	19	19	19	76	19	19	19	19	76
GYN	14	14	14	14	56	14	14	14	14	56
ENT	170	170	170	170	680	175	175	175	175	700
Dental	16	16	16	16	64	17	17	17	17	68
Ortho	236	236	236	236	944	244	244	244	244	976
General	41	41	42	42	166	43	43	43	43	172
Plastics	54	54	54	54	216	55	55	55	55	220
Total	551	550	552	551	2204	568	567	568	567	2270

**3. Section B, Economic Feasibility, Item B, Funding**

It is noted the applicant and its parent entity intends to draw funding from the \$1 billion revolving credit facility identified in Attachment B-Economic Feasibility-B. However, the credit facility is not identified in the funding letter provided by the applicant. Please provide a letter from the credit facility that identifies the available fund amount, expected interest rate, term, and any anticipated restrictions or conditions.

**Response:** The Applicant will promptly submit a response to question 3 under separate cover.

**Section C, Economic Feasibility, Item D. (Historical Data Chart)**

The Historical Data Chart of Tennova Healthcare-Lebanon is noted. However, please revise by placing commas every three decimal places for numbers larger than 999 and submit.



**February 27, 2017**

**11:11am**

**Response:** Please see Attachment C - Economic Feasibility - C/D for a corrected Historical Data Chart.

Additionally, since the date of submission of the original Application, the Applicant has received an additional letter of support, which is attached to this Second Supplemental Response as Attachment A - 3B.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." For this application the sixtieth (60<sup>th</sup>) day after written notification is April 18, 2017. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Mr. Michael D. Brent  
February 27, 2017  
Page 4

Phillip Earhart  
HSD Examiner

Enc.

**SUPPLEMENTAL #2**

**February 27, 2017**

**11:11am**

**February 27, 2017**

**11:11am**

**ATTACHMENT A – 3B**

Letter of Support



**February 27, 2017**

**11:41am**

DISTRICT OFFICE:  
113 South Cumberland Street  
LEBANON, TENNESSEE  
37087

Vice Chairman  
Consumer & Resources  
Committee

Member of Committee  
Insurance and Banking  
Consumer & Resources Sub

MARK PODY  
STATE REPRESENTATIVE  
46<sup>TH</sup> LEGISLATIVE DISTRICT  
CANNON, DEKALB AND WILSON  
COUNTIES

203 WAR MEMORIAL BUILDING  
NASHVILLE, TENNESSEE 37243-0146  
(615) 741-7086  
TOLL FREE: 1-800-449-8366 EXT. 1-  
7086  
FAX (615) 253-0206

E-MAIL:  
rep.mark.pody@capitol.tn.gov

**House of Representatives  
State of Tennessee**

**NASHVILLE**

February 24, 2017

Ms. Melanie M. Hill  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Certificate of Need Application  
Tennova Healthcare – Lebanon Campus

Dear Ms. Hill:

As a resident of Wilson County for the past 25 years and serving as the State Representative of District 46, I have a great concern for the well-being of the citizens of this area. I am writing in support of the certificate of need application filed by Lebanon Surgery Center LLC, an affiliate of Tennova Healthcare – Lebanon.

With the rising cost of the healthcare and Tennova-Lebanon being local, this will improve access to residents for more affordable care instead of traveling to Nashville. Restructuring the outpatient surgery department will provide lower cost options to a free-standing surgery center. Some residents cannot afford, either with their insurance plan or from their own funds, to pay the full costs of some surgical procedures. Some residents are unaware of or are reluctant to seek such financial assistance, and the low cost structure for such residents will be very beneficial.

I respectfully request that you and the Commission approve the Certificate of Need requested by Tennova Healthcare – Lebanon and if you have any questions, please do not hesitate to let me know.

Sincerely,



Mark A. Pody  
State Representative

**February 27, 2017**

**11:11am**

**ATTACHMENT C – ECONOMIC FEASIBILITY – C/D**

Historical Data Chart

**February 27, 2017****11:11am****HISTORICAL DATA CHART**

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

	<b>Year 2012</b>	<b>Year 2013</b>	<b>Year 2014</b>
A. Utilization Data (Specify unit of measure)	<u>36,287 PD</u>	<u>33,592 PD</u>	<u>32,314 PD</u>
B. Revenue from Services to Patients			
1. Inpatient Services	\$ <u>274,589,092</u>	\$ <u>265,405,751</u>	\$ <u>266,946,392</u>
2. Outpatient Services	<u>259,322,788</u>	<u>282,220,226</u>	<u>312,445,244</u>
3. Emergency Services	<u>100,840,356</u>	<u>102,571,952</u>	<u>108,021,087</u>
4. Other Operating Revenue	<u>1,752,932</u>	<u>152,2521</u>	<u>3,168,476</u>
(Specify) <u>EAH, rent, misc.</u>			
<b>Gross Operating Revenue</b>	\$ <u>636,505,168</u>	\$ <u>651,720,450</u>	\$ <u>690,581,199</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ <u>522,729,660</u>	\$ <u>542,789,215</u>	\$ <u>583,229,988</u>
2. Provision for Charity Care	<u>-12,747</u>	<u>-21,822</u>	<u>197,735</u>
3. Provisions for Bad Debt	<u>16,218,806</u>	<u>16,988,401</u>	<u>16,234,686</u>
<b>Total Deductions</b>	\$ <u>538,935,719</u>	\$ <u>559,755,794</u>	\$ <u>599,662,409</u>
<b>NET OPERATING REVENUE</b>	\$ <u>97,569,449</u>	\$ <u>91,964,656</u>	\$ <u>90,918,790</u>
D. Operating Expenses			
1. Salaries and Wages	\$ <u>29,862,779</u>	\$ <u>28,329,612</u>	\$ <u>27,779,587</u>
2. Physician's Salaries and Wages			
3. Supplies	<u>13,409,863</u>	<u>12,233,682</u>	<u>13,470,899</u>
4. Taxes	<u>950,361</u>	<u>625,932</u>	<u>791,160</u>
5. Depreciation	<u>5,426,665</u>	<u>5,708,607</u>	<u>5,468,476</u>
6. Rent	<u>1,682,873</u>	<u>1,207,726</u>	<u>1,071,970</u>
7. Interest, other than Capital	<u>60,872</u>	<u>55,490</u>	<u>64,438</u>
8. Management Fees:			
a. Fees to Affiliates	<u>4,575,491</u>	<u>4,212,994</u>	<u>5,112,020</u>
b. Fees to Non-Affiliates	<u>198,300</u>	<u>177,034</u>	<u>64,438</u>
9. Other Expenses (Specify) <u>Benes, CVS, Med fees, etc</u>	<u>30,742,633</u>	<u>30,091,130</u>	<u>32,638,683</u>
<b>Total Operating Expenses</b>	\$ <u>86,909,837</u>	\$ <u>82,642,207</u>	\$ <u>86,461,671</u>
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	\$ <u>10,659,612</u>	\$ <u>9,322,449</u>	\$ <u>4,457,119</u>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	\$ _____	\$ _____	\$ _____
<b>Total Capital Expenditures</b>	\$ _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	\$ <u>10,659,612</u>	\$ <u>9,322,449</u>	\$ <u>4,457,119</u>

**February 27, 2017**

**11:11 am**

FEB 27 11:11 AM '17

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY      Lebanon Surgery Center, LLC (CN1702-007)

I, Michael D. Brent, after first being duly sworn, state under oath that I am counsel for the applicant named in this Certificate of Need application, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



MICHAEL D. BRENT,  
Attorney for Lebanon Surgery Center, LLC

Sworn to and subscribed before me, a Notary Public, this the 27<sup>th</sup> day of February, 2017, witness my hand at office in the County of Davidson, State of Tennessee.



My commission expires

9-11-2019

HF-0043

My Commission Expires SEPT. 11, 2017

Revised 7/02

# Additional Information -Original-

Lebanon Surgery Center,  
LLC.

CN1702-007



**State of Tennessee**  
**Health Services and Development Agency**  
Andrew Jackson Building, 9<sup>th</sup> Floor  
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

RECEIVED FEB 28 17 PM 2:49

February 27, 2017

Michael D. Brent  
Bradley Arant Boult Cummings LLP  
1600 Division Street, Suite 700  
Lebanon, TN 37087

RE: Certificate of Need Application CN1702-007  
Lebanon Surgery Center, LLC

Dear Mr. Brent:

This will acknowledge our February 24, 2017 receipt of your supplemental response to an application for a Certificate of Need for the establishment of a multi-specialty ambulatory surgical treatment Center (ASTC) to be located in an existing building on the southwest corner of the campus of Tennova Healthcare-Lebanon located at 1411 Baddour Parkway, Lebanon, (Wilson County), TN 37087. The ASTC will be owned and operated by Lebanon Surgery Center, LLC and managed by CHSPSC, LLC and its affiliates. The ASTC will include four operating rooms and one procedure room as part of the proposed multi-specialty ASTC.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 p.m., Monday, February 27, 2017.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

### **3. Section B, Economic Feasibility, Item B, Funding**

It is noted the applicant and its parent entity intends to draw funding from the \$1 billion revolving credit facility identified in Attachment B-Economic Feasibility-B. However, the credit facility is not identified in the funding letter provided by the applicant. Please provide a letter from the credit facility that identifies the available fund amount, expected interest rate, term, and any anticipated restrictions or conditions.

**Response:** While earlier responses have referenced a \$1 billion revolving credit facility, which is periodically drawn upon as needed, such credit facility is not anticipated to be the primary source of funding for this project. As noted in the letter previously submitted from the CHS Treasurer, and the CHS financial statements submitted, CHS/Community Health Systems, Inc. has several hundred million dollars in cash flow, as well as over \$238,000,000 in cash and cash equivalents (as of December 31, 2016), which will be the primary source of funds for this project. Please see R-4 and R-31 in **Attachment A – Replacement Pages** for revised narratives explaining funding for the proposed project. Please also see R-3 in **Attachment A – Replacement Pages** for an organization chart showing the Applicant's ownership structure.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is April 18, 2017. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Mr. Michael D. Brent  
February 27, 2017  
Page 3

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip Earhart  
HSD Examiner

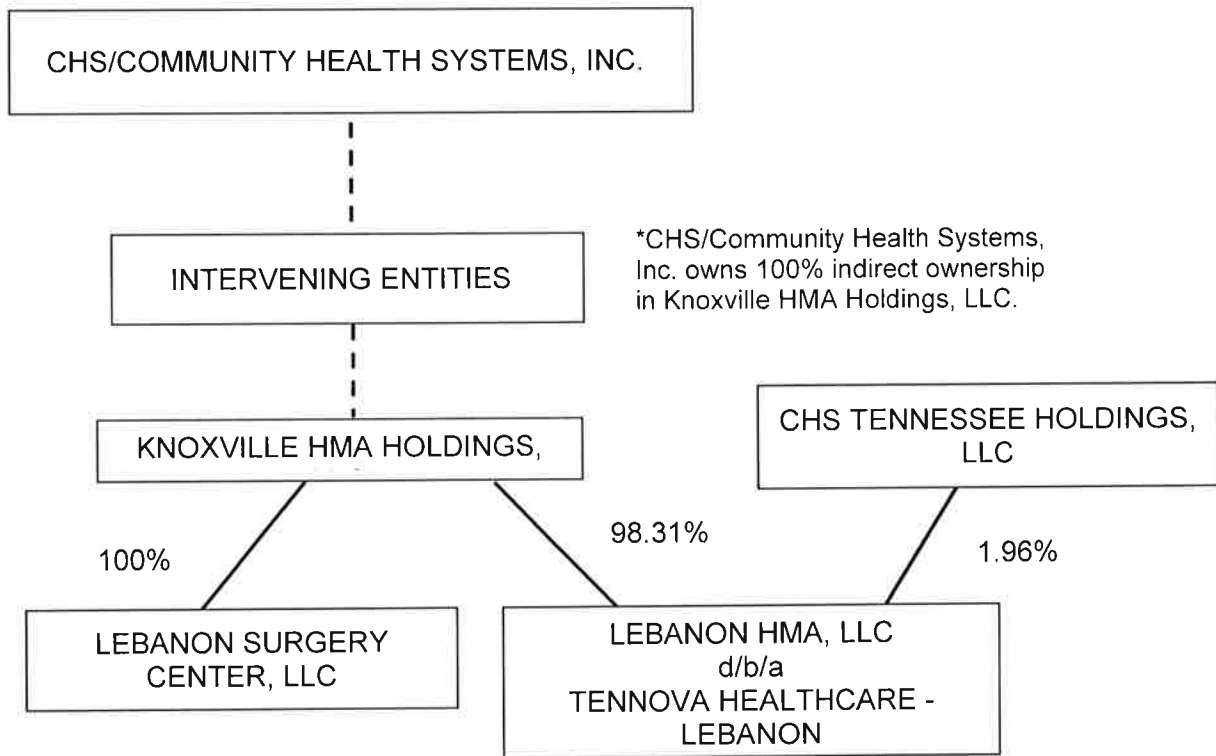
Enc.



**ATTACHMENT A – REPLACEMENT PAGES**

2) Ownership structure:

**Response:** The Applicant is currently wholly owned by Knoxville HMA Holdings, LLC, a Tennessee limited liability company, which also holds approximately ninety-eight percent (98%) of the ownership interests in Lebanon HMA, LLC, which owns Tennova Healthcare-Lebanon and the HOPD. As shown in the organization chart below, the Applicant is indirectly wholly owned by CHS/Community Health Systems, Inc. Although no physicians currently hold an ownership interest in the Applicant, the Applicant anticipates between ten (10) and fifteen (15) physicians will hold ownership interests in the Applicant in the future. No individual physician will own more than five percent (5%), and all physicians together will own no more than forty-nine percent (49%) of the Applicant. All physician ownership shall be in conformance with the requirements of Section 1877 of the Social Security Act (the Stark self-referral law).



3) Service area:

**Response:** As the ASTC will be replacing the HOPD, the Applicant's Primary Service Area will mirror that of the HOPD with no anticipated changes. The HOPD's, and thus the Applicant's, primary service area is comprised of the following counties: Wilson, Macon, Smith, Sumner, and Trousdale Counties (the "Primary Service Area"). Eighty-two percent (82%) of the patients who received care in the HOPD in 2016 are from the five (5) counties listed above.

4) Existing similar service providers:

**Response:** There are two multi-specialty ASTC's currently operating in the Applicant's Primary Service Area, Providence Surgery Center in Wilson County ("Providence") and Patient Partners Surgery Center in Sumner County ("Patient Partners"). Providence, which has two (2) operating rooms (each, an "OR") and one (1) procedure room (a "PR"), recently received approval from the Agency to expand its multispecialty categories from orthopedics and pain management to all specialties. Providence noted in its application that its current annual OR volume was 547 cases (273.5 cases per OR per year) and its PR volume was 133 cases. Providence projected in its application that volume per OR per year will increase to 590 cases and noted that

it was last profitable in 2013. Patient Partners, with two (2) operating rooms and two (2) procedure rooms, reported 686 cases per OR per year and 1,584 cases per PR per year in its 2015 Joint Annual Report.

As the ASTC will be replacing the HOPD, the Applicant finds the HOPD's utilization to be a reliable predictor of the Applicant's utilization once the ASTC is operational. Similar to Providence and Patient Partners, the HOPD had 1,754 cases (439 cases per OR) in 2016.

The HOPD has been profitable since opening, and, even with the lower reimbursement rates under an ASTC fee schedule, the Applicant projects that the ASTC will be profitable in Year 1.

5) Project cost:

**Response:** The estimated project cost is \$2,494,000. The project does not involve any construction, as the proposed location of the ASTC does not require any modification. The following costs make up the total project cost:

Building Lease (5 years @ \$27/ft. NNN): \$1,944,000\*  
Furniture, Fixtures, Equipment: \$200,000  
Legal Fees, Other Costs: \$250,000  
Contingency: \$100,000

\*According to the records of the Tax Assessor of Wilson County, the appraised value for the building is \$1,348,000; in accordance with the rules of the Agency, the project cost is computed with the higher of appraised value or rent to be paid during the lease term.

6) Funding:

**Response:** The proposed project will be primarily funded by the parent entity of the Applicant, which has several hundred million dollars in cash flow, as well as over \$238,000,000 in cash and cash equivalents (as of December 31, 2016). The funding sources are confirmed in the funding letter attached as Attachment B - Economic Feasibility - B to the original Application and in the Financial Statement attached as Attachment B - Economic Feasibility - F1 to the First Supplemental Response.

7) Financial Feasibility including when the proposal will realize a positive financial margin:

**Response:** If approved, the project is expected to be operational within six (6) to eight (8) months and is expected to be profitable in the first year of operation. The Applicant projects the following in Year 1 and Year 2 of operations:

	Year 1	Year 2
Operating Room Cases	2,204	2,270
Cases Per OR (4 ORs)	551	567.5
Net Operating Income	\$818,695	\$864,401

8) Staffing:

**Response:** The Applicant, an affiliate of the HOPD, intends to staff the ASTC with the clinical personnel currently staffing the HOPD, which has successfully recruited and retained qualified personnel. The Applicant anticipates requiring 16.7 FTEs consisting of 9 Registered Nurses, 5 surgical technicians, and 4 administrative positions. The Applicant intends to contract with a third party for professional anesthesia services and anticipates 1 physician and 4 Certified Registered Nurse Anesthetists. In 2016, twenty-six (26) physicians performed surgeries in the HOPD, and the Applicant anticipates that a similar number of physicians will have surgical privileges at the ASTC if this Application is approved.

**B. Rationale for Approval**

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need: The intent of this Application is to shift the cases currently performed in the higher cost HOPD to a lower cost ASTC. Given the changes in the health care environment and the shift towards reducing costs, the higher cost structure of the payment model used by an HOPD does not align with the future of outpatient health care services. Moreover, all of the counties in the Applicant's Primary Service Area are Federally Designated Medical Underserved Areas, which, are characterized in part by high poverty and thus are more acutely affected and thus more concerned with the cost of medical treatment. Converting the HOPD, which, at 1,754 cases in 2016 has the most cases of any ambulatory surgical treatment facility in the Primary Service Area, would provide outpatient medical services at a reduced cost to a significant segment of the Primary Service Area's patient population. Therefore, there is a direct benefit to the residents of the Primary Service Area to repurpose the HOPD as an ASTC to provide

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed.

**(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☐ 1) Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds - Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants - Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves - Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other - Identify and document funding from all other sources.

**Response:** The cash reserves of the Applicant's parent and its affiliates are the primary funding source of the proposed project. Please see Attachment B - Economic Feasibility - B to the original Application for documentation to this effect.

C. Complete Historical Data Charts on the following two pages — **Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

**Response:** Not applicable. The Applicant seeks to establish a new ASTC and does not have historical data.

D. Complete Projected Data Charts on the following two pages - **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

*Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

AFFIDAVIT

FEB 28 '17 PM 2:50

STATE OF TENNESSEE  
COUNTY OF DAVIDSON

NAME OF FACILITY: Lebanon Surgery Center, LLC (CN1702-007)

I, Michael D. Brent, after first being duly sworn, state under oath that I am counsel for the applicant named in this Certificate of Need application, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



MICHAEL D. BRENT  
Attorney for Lebanon Surgery Center, LLC

Sworn to and subscribed before me, a Notary Public, this the 27<sup>th</sup> day of February, 2017, witness my hand at office in the County of Davidson, State of Tennessee.

  
CYNTHIA A. EVANS  
NOTARY PUBLIC  
TENNESSEE  
DAVIDSON COUNTY

My commission expires:

September 11, 2017

My Commission Expires SEPT. 11, 2017

HF-0043

Revised 7/02

**Michael D. Brent**

Partner  
mbrent@bradley.com  
615.252.2361 direct



February 10, 2017

Ms. Melanie Hill  
Tennessee Health Services and Development Agency  
500 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, Tennessee 37243

Re: Application for ASTC in Lebanon

Dear Melanie:

As you may recall, last year, on behalf of Lebanon HMA, LLC d/b/a Tennova Healthcare - Lebanon (formerly University Medical Center) ("THL"), we opposed the application of Tennessee Orthopedics, P.C. (CN1605-019) for the establishment of a multi-specialty ambulatory surgical treatment center ("ASTC"). CN1605-019 was approved by the HSDA, and in the discussion of that application several members of the Agency discussed the changes occurring in the healthcare industry, including increased costs to consumers due to higher deductibles and co-pays under many commercial healthcare insurance contracts, and the benefits of performing outpatient surgeries in an ASTC.

After considering those comments, and other changes which are occurring in the delivery of healthcare, a decision was made to create a new entity, Lebanon Surgery Center, LLC, to seek a certificate of need to operate an ASTC in the building on the campus of TNL which currently houses four of THL's operating rooms, and is designated as a "Hospital-based Outpatient Department" ("HOPD"), where most of THL's outpatient surgeries occur. As this application does not seek to add any additional operating room capacity to the area, but will repurpose an existing HOPD to an ASTC status and benefit many patients, as well as the community at large, we believe it is appropriate to be considered on the Agency's consent calendar.

Should you have any questions or desire to discuss this request, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

Michael D. Brent

MDB/ced